



Digimatic Group

**DIGIMATIC GROUP LTD.
ARBN 605 944 198**

NOTICE OF GENERAL MEETING

A General Meeting of the Company will be held at 10 Anson Road International Plaza #10-26, Singapore 079903 on Thursday, 23 November 2017 at 8am (SST).

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

*For the purposes of ASX Listing Rule 10.1, the Independent Expert has prepared an independent expert's report (**Independent Expert's Report**) for the acquisition by the Company of the issued capital of 8VIC Global Private Ltd from 8I Holdings Ltd (a substantial holder of the Company) and the issue of Consideration Shares (the **Transaction**). The Independent Expert has concluded that, in its opinion, the Transaction is **fair and reasonable** to the Shareholders of the Company, other than those associated with the Transaction.*

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary (Australia) by telephone on +61 8 6555 2950.

DIGIMATIC GROUP LTD.

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NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Digimatic Group Ltd. (**Company**) will be held at 10 Anson Road, International Plaza #10-26, Singapore 079903 on Thursday, 23 November 2017 at 8am (SST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the CDI Voting Instruction Form form part of this Notice.

The Directors have determined that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 20 November 2017 at 5pm (SST) unless otherwise stated in this Notice and/or the Explanatory Memorandum.

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

AGENDA

1. Resolution 1 - Consolidation of capital

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to all other Resolutions being passed, pursuant to and in accordance with section 71(1) of the Companies Act, Listing Rules and for all other purposes:

- (a) *on and with effect from the effective date to be determined by the board of Directors of the Company (**Board**) which shall fall within 30 days of the date of passing this Ordinary Resolution (**Effective Date**), every fifty (50) issued and unissued ordinary shares in the share capital of the Company (**Existing Shares**) be consolidated into one (1) ordinary share (**Consolidated Share**) (**Proposed Share Consolidation**);*
- (b) *any fractions of Consolidated Shares arising from the Proposed Share Consolidation shall be disregarded and, without prejudice to the foregoing, all fractions of Consolidated Shares to which holders of the Existing Shares would otherwise be entitled, may be aggregated and dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company; and*
- (c) *the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including approving, amending, modifying, supplementing and executing all such documents as may be required under or pursuant to the Proposed Share Consolidation), as they and/or he may consider necessary, desirable, expedient or in the interests of*

the Company to give effect to this ordinary resolution and/or the Proposed Share Consolidation as they and/or he may deem fit.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 1.

2. Resolution 2 - Approval to acquire substantial asset from substantial shareholder

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution (as special business) the following:

"That, subject to all other Resolutions being passed, for the purposes of ASX Listing Rule 10.1 and for all other purposes, approval is given for the acquisition by the Company of shares in 8VIC from 8IH and its wholly owned subsidiary, 8 Business Pte Ltd, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion

The Company will disregard any votes cast on this resolution by a party to the transaction (being the Vendors (and their nominee/s)) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 2.

3. Resolution 3 - Approval to issue Consideration Shares to Vendors

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution (as special business) the following:

"That, subject to all other Resolutions being passed, and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 30,504,320 Consideration Shares (on a post Proposed Share Consolidation basis) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this resolution by the Vendors, any other person who may participate in the proposed issue, a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed), each of their nominees, and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The person chairing the Meeting intends to vote all undirected proxies in favour of Resolution 3.

4. Resolution 4 - Proposed Whitewash Resolution

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution (as special business) and by way of poll the following:

"That subject to and contingent upon the passing of all other Resolutions, the Independent Shareholders of the Company hereby unconditionally and irrevocably waive their right under Rule 14 of the Singapore Code on Take-overs and Mergers to receive a mandatory general offer from 8I Holdings Limited (8IH) for all the shares in the capital of the Company in issue not already owned, controlled or agreed to be acquired by 8IH and parties acting in concert with 8IH, as a result of the allotment and issuance of the Consideration Shares upon completion of the Proposed Transaction."

Voting Exclusion

8I Holdings Limited, parties acting in concert with 8I Holdings Limited and parties not independent of them must abstain from voting on Resolution 4.

The Company will disregard any votes cast on this resolution by a party to the transaction (being 8I Holdings Limited and any of its associates), parties acting in concert with 8I Holdings Limited and parties not independent of them.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The person chairing the Meeting intends to vote all undirected proxies in favour of Resolution 4.

5. Independent Expert's Report

Moore Stephens Perth Corporate Services Pty Ltd (or the 'Independent Expert') has prepared an independent expert's report (**Independent Expert's Report**) on the acquisition of 8VIC Global Private Ltd by the Company as set out in the Resolutions (the **Proposed Transaction**). The Independent Expert has concluded that, in its opinion, the Proposed Transaction is *fair and reasonable* to the Shareholders of the Company, other than those associated with the Proposed Transaction.

A copy of the full Independent Expert's Report is attached as Schedule 3 to the Explanatory Memorandum. Shareholders are urged to read the Independent Expert's Report in full before voting on the Resolutions.

6. Letter from Independent Financial Adviser

MS Corporate Finance Pte. Ltd. has been appointed the independent financial adviser to advise the Recommending Directors in respect of Resolution 4 (**Proposed Whitewash Resolution**). Having regard to the analysis set out in its IFA Letter and information available as at the Latest Practicable Date, the IFA considers that the terms of the Proposed Transaction, which is the subject of the Proposed Whitewash Resolution, are fair and reasonable.

A copy of the full IFA Letter is attached as Schedule 4 to the Explanatory Memorandum. Shareholders are urged to read the IFA Letter in full before voting on Resolution 4.

BY ORDER OF THE BOARD



Ivan Ong
Executive Director
Dated: 6 November 2017

DIGIMATIC GROUP LTD.

ARBN 605 944 198

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 10 Anson Road, International Plaza, #10-26, Singapore 079903 on Thursday, 23 November 2017 at 8am (SST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

| | |
|------------|---|
| Section 2 | Action to be taken by Shareholders |
| Section 3 | Background |
| Section 4 | Resolution 1 - Consolidation of capital |
| Section 5 | Resolution 2 - Approval to acquire substantial asset from substantial shareholder |
| Section 6 | Resolution 3 - Approval to issue Consideration Shares to Vendors |
| Section 7 | Resolution 4 - Proposed Whitewash Resolution |
| Schedule 1 | Definitions |
| Schedule 2 | Pro-forma balance sheet |
| Schedule 3 | Independent Expert's Report |
| Schedule 4 | Letter from Independent Financial Adviser |

2. Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 CDIs

A CDI Voting Instruction Form is attached to the Notice. This is to be used by CDI Holders to direct CDN on how to vote at the Meeting, as CDI Holders are not entitled to vote in person at the Meeting.

CDI Voting Instruction Forms must be received by Link Market Services Limited, the Company's share registry, no later than 8am (SST) (11am (AEDT)) on Monday, 20 November 2017.

The CDI Voting Instruction Form provides further details on voting at the Meeting. CDI Holders are welcome, and encouraged, to attend the Meeting, despite not being able to vote in person.

3. Background

3.1 Background to Proposed Transaction

The Company is incorporated in, and registered under the laws of, Singapore. The Company is in the business of digital marketing, assisting brands with timely connections to customers through various channels and at competitive pricing.

This Explanatory Memorandum has been prepared to provide Shareholders of the Company with information material to deciding whether or not to vote in favour of the resolutions in the Notice.

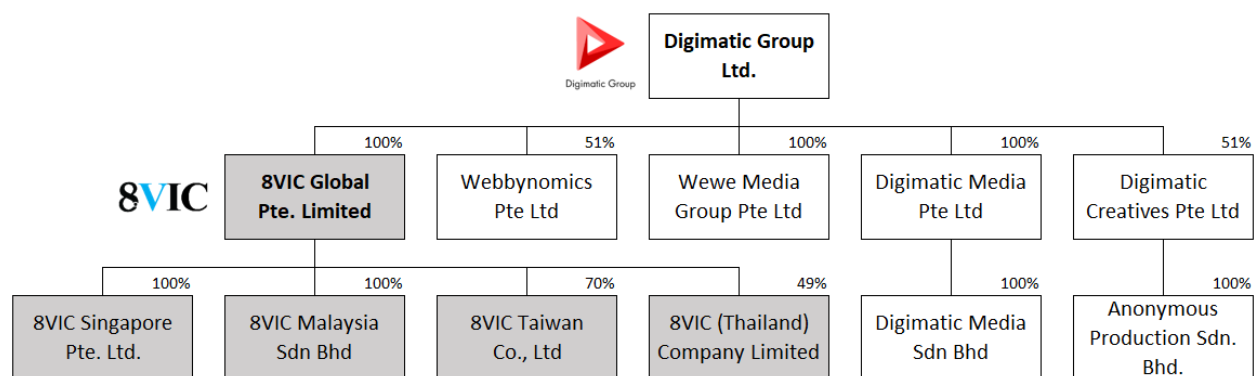
The purpose of the resolutions in the Notice is to seek the approval of Shareholders required under the Companies Act, Singapore Code on Take-overs and Mergers (**Code**), and ASX Listing Rules for the acquisition of a 100% equity interest in 8VIC Global Private Ltd. (**8VIC**), a Singaporean company which provides financial and investment education services, and an associated consolidation of the Company's share capital (**Proposed Transaction**).

On 9 October 2017, the Company announced (**Announcement**) that it had entered into a binding conditional term sheet with the vendors of 8VIC, including 8I Holdings Limited (**8IH**) (a substantial shareholder of the Company) and unrelated party Glorymont Ltd (**Glorymont**), pursuant to which the Company agreed to enter into an option agreement which will provide the right to acquire a 100% equity interest in 8VIC in consideration for the issue of 1,525,216,000 Shares at a deemed issue price of A\$0.042 per Share (30,504,320 Shares on a post-Proposed Share Consolidation basis), which will represent 70% of the enlarged share capital of the Company post issuance (**Consideration Shares**).

Subsequently, on 6 November 2017, the Company announced it had entered into an option agreement on terms consistent with the conditional term sheet (**Share Swap Agreement**).

As a result of the Proposed Transaction, 8IH, together with its wholly owned subsidiary 8 Business Pte Ltd, will increase its interest in the Company's issued share capital from 10.81% to approximately 69.74% and in accordance with accounting standards, due to 8IH's significant holding post-Proposed Transaction, the Company will be consolidated into the 8IH group.

The corporate structure of the Company post-Proposed Transaction will be as follows:



The reasons for undertaking the Proposed Transaction are set out below and in the Independent Expert's Report at Schedule 3 and letter from the Independent Financial Adviser at Schedule 4. Shareholders are urged to read these documents in full before deciding on how to vote on the Resolutions.

3.2 Information on 8IH

8IH is a company incorporated in Singapore and listed on ASX. Its primary business is making investments in listed and unlisted securities. It recently restructured this part of the business so it is operated through a fund, and now has a licence to act as a fund manager.

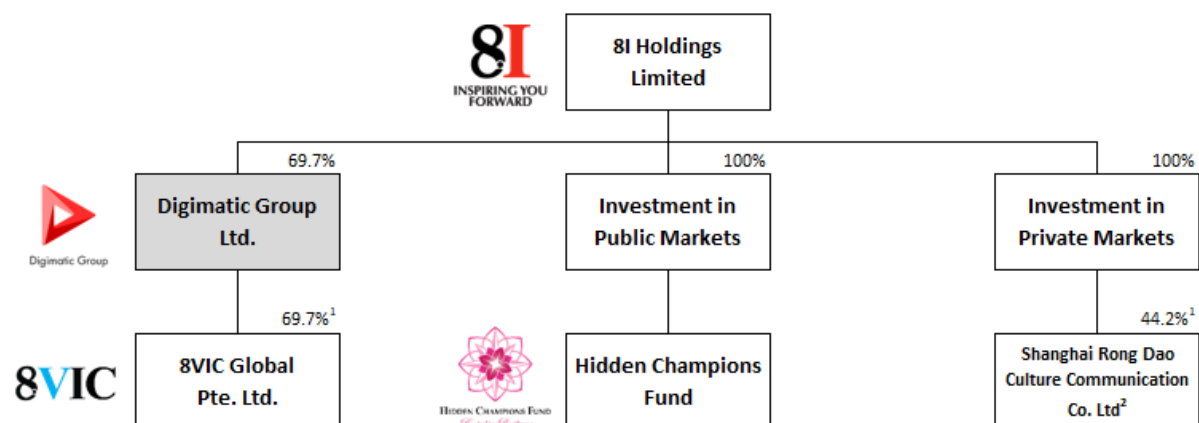
8IH also has a profitable education business, pursuant to which it runs various education seminars on value investing under 8VIC and its subsidiaries. 8VIC is held via a 95% owned subsidiary of 8IH. The remaining 5% is held by unrelated parties via Glorymont.

8IH, together with its wholly owned subsidiary 8 Business Pte Ltd, are presently a substantial shareholder of the Company, holding 10.81% of the Company's issued capital.

As a result of the Proposed Transaction, 8IH, together with its wholly owned subsidiary 8 Business Pte Ltd, will increase its interest in the Company's issued share capital from 10.81% to approximately 69.74%.

Mr Clive Tan, the Company's chairman, is also an executive director of 8IH.

The corporate structure of 8IH post-Proposed Transaction will be as follows:



¹Effective interest percentage

²An entity, acquired on 30 June 2017, carrying on financial education business in the People's Republic of China under different management and with different programmes to that of 8VIC Global's

3.3 Introduction to 8VIC

8VIC is a company incorporated in Singapore and is a leading financial education and training provider in Singapore and Malaysia. Its flagship programmes, “Millionaire Investor Program” and “Value Investing Bootcamp”, focus on educating the layman on principles and techniques of value investing. These programmes are widely recognised by its participants and industry experts.

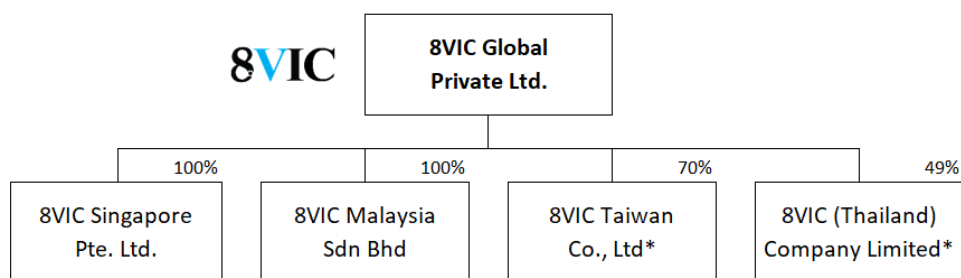
Under the main brand of Value Investing College (VIC), the network supports more than 8,000 graduates across Singapore, Malaysia, Taiwan, Thailand, Myanmar, Vietnam, India and Dubai. VIC is the leading Financial Education Provider (in the area of value investing) in Singapore and Malaysia.¹ With new offices being set up in Taiwan and Thailand, 8VIC is well advanced in its plans to position itself at the forefront of the rapidly growing Financial Education industry.

8VIC is the holding company of two wholly owned subsidiaries which are incorporated in Singapore and Malaysia, being 8VIC Singapore Pte. Ltd. and 8VIC Malaysia Sdn Bhd respectively. 8VIC also holds a 70% shareholding in a Taiwanese incorporated subsidiary, 8VIC Taiwan Co., Ltd., and 49% shareholding in a Thailand incorporated associate, 8VIC (Thailand) Company Limited.

8IH is presently the holding company of 8VIC, holding 95% of 8VIC’s issued capital. The remaining 5% is held by Glorymont, an unrelated party.

¹ Sourced from Euromonitor Report based on estimated course revenue receipts of value investing courses in calendar year 2016, research conducted in June - August 2017 in Singapore and in Malaysia.

The corporate structure of 8VIC as at the date of this Notice is set out below:




* In the process of incorporation

3.4 Key programmes of 8VIC

The key programmes of 8VIC are as follows:

| Programmes | Description | Offering Regions |
|--|--|---|
| MIP  | The programme focuses on introducing the concept of Value Investing methodology and investment in public markets. | Singapore and Malaysia |
| Value Investing Bootcamp  | The programme focuses on introducing the concept of Value Investing and the use of different financial tools | Singapore, Malaysia, Taiwan, Thailand, Myanmar, India and Vietnam |
| REITS  | <p>This is one of the two programmes that is offered under Value Investing Elite Program (EIP).</p> <p>The programme focuses on introducing the concept of investing in REITs as a vehicle for investors who do not like risk and want to generate passive income to supplement their lifestyle.</p> | Singapore and Malaysia |
| Options Program Mastery  | <p>This is one of the two programmes that is offered under Value Investing Elite Program (EIP).</p> <p>The programme (OMP) focuses on introducing options trading on stocks, combining fundamental analysis, technical analysis and the use of three Option strategies to generate regular monthly income.</p> | Singapore and Malaysia |

| Programmes | Description | Offering Regions |
|---|---|------------------|
| VIS  | The annual event focuses on encouraging the mutual exchange of experience and ideas in Value Investing among participants | Singapore |

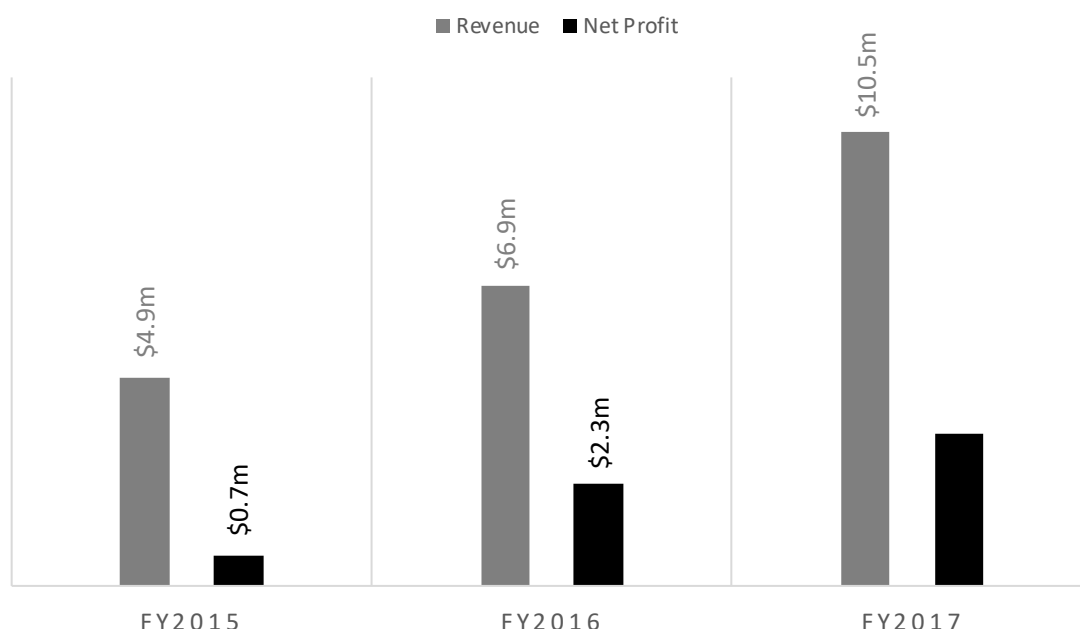
As of 31 March 2017, 8VIC Global's flagship programmes Millionaire Investor Program ("MIP") saw attendance of more than 5,400 participants; and the Value Investing Bootcamp ("VIB") of more than 2,500 participants. The two flagship programmes were conducted in Singapore, Malaysia, Taiwan, Thailand, Myanmar, India, Vietnam, Dubai and China. REITs Program ("Real Estate Investment Trusts Program") saw a steady increase of participation with over 1,200 REITs Program graduates, up from 951 graduates as compared to the year before.

3.5 8VIC Financial Information

8VIC Global delivered excellent results in financial year ended 31 March 2017 reaching nearly 8,000 individuals through its various programmes.

For the three (3) financial years ended 31 March 2015, 2016 and 2017, the revenue of 8VIC and its subsidiaries amounted to approximately S\$4.9 million, S\$6.9 million and S\$10.5 million, respectively. The net profit for the same periods, amounted to approximately S\$0.7 million, S\$2.3 million and S\$3.5 million, respectively.

8VIC REVENUE AND NET PROFIT



In the unaudited balance sheet as at 30 September 2017, cash at bank totalled S\$1.6 million. The company's liabilities include unearned revenue of S\$3.3 million. The unearned revenue represents revenue received from customers but not yet recognised to the profit or loss due to service not yet rendered as at the balance date.

Shareholders are cautioned past performance is not a guarantee of future performance.

3.6 Pro-forma financial information

A copy of the Company's audited financial statements for the financial year ending 31 March 2017 is contained in the Company's annual report announced to ASX on 30 June 2017.

A copy of the pro-forma statement of financial position, demonstrating the effects of the Proposed Transaction, is set out at Schedule 2.

3.7 Future activities and direction post completion of the Proposed Transaction

After completion of the Proposed Transaction, the Company will, amongst other things:

- (a) appoint Ms. Pauline Teo Puay Lin, the director and Chief Executive Officer of 8VIC, as an executive director of the Company;
- (b) focus on the new business sector in education seminars on value investing; and
- (c) continue to focus on its existing core business sectors in events and digital marketing, affiliate advertising and creative consulting.

3.8 Rationale for the Proposed Transaction

The Board is of the view that it is in the best interest of the Company to undertake the Proposed Transaction for the following reasons:

- (a) the Company believes that the Proposed Transaction would present an opportunity for the Company to synergize with the businesses of 8VIC. Currently, 8VIC is engaged in the running of finance-related seminars and conferences and provides significant revenue and profits for 8IH. At the same time, the greater part of the Company's business revenue is derived from one of its wholly-owned subsidiaries which offers the marketing and provision of similar and synergistic seminars and conferences. The Proposed Transaction will capitalise on and strengthen the business fundamentals of the Company and will add significant value and growth potential to both the Company and 8VIC;
- (b) the Proposed Transaction will allow the Company to acquire a profitable business with healthy operating cash flows which will add to the bottom line of the Company; and
- (c) the Proposed Transaction is likely to raise the profile of the Company and generate more investor interest in the Company.

3.9 Summary of Share Swap Agreement

The material terms and conditions of the Share Swap Agreement are as follows:

- (a) Consideration

In consideration for the purchase of the entire issued share capital of 8VIC, the Company will issue 30,504,320 Share (on a post Proposed Share Consolidation basis) (**Consideration Shares**) which represent 70% of the enlarged share capital of the Company post issuance to the Vendors set out below:

| Vendor | Consideration Shares (post-Proposed Share Consolidation) | Consideration Shares (pre-Proposed Share Consolidation) | Percentage of enlarged Company share capital |
|-----------|--|---|--|
| 8IH | 28,979,104 | 1,448,955,200 | 66.50% |
| Glorymont | 1,525,216 | 76,260,800 | 3.50% |
| Total | 30,504,320 | 1,525,216,000 | 70.00% |

(b) Conditions Precedent

Completion of the Share Swap Agreement is conditional on various conditions precedent including:

- (i) the Vendors and/or parties acting in concert with them not being required to make any offer (under the Singapore Code on Take-overs and Mergers or otherwise) for shares in the Company held by the other shareholders of the Company upon the Vendors' acquisition of Shares pursuant to the Proposed Transaction (this condition has been satisfied and is the subject of Resolution 4);
- (ii) all relevant board and/or shareholders' resolutions of the Parties having been obtained (including, where applicable:
 - (A) resolutions by the shareholders of the Company approving the issuance of the Consideration Shares and waiving their right to receive a general offer for their shares in the Company from the Vendors and parties acting in concert with them; and
 - (B) a resolution by the shareholders of 8IH approving the disposal of 8IH's shares in 8VIC;
- (iii) the obtaining of various confirmations/approvals from the relevant authorities such as ASX and Singapore Securities Industry Council in relation to the Proposed Transaction; and
- (iv) such other usual and customary conditions precedent for transactions of this nature.

(c) Other

The Share Swap Agreement is governed by the laws of Singapore and otherwise contains terms and conditions which are standard in agreements of this nature.

3.10 Effect of Proposed Transaction on capital structure of the Company

The overall effect of the Proposed Transaction and issuance of Consideration Shares, on a post Proposed Share Consolidation basis, on the issued capital of the Company is set out below.

| Event | Number of Shares | % |
|---|------------------|-----|
| Shares on issue as at the date of the Notice | 13,073,280 | 30 |
| Consideration Shares | 30,504,320 | 70 |
| Shares on issue at completion of Proposed Transaction | 43,577,600 | 100 |

As a result of the Proposed Transaction, the collective shareholding interests of the existing Shareholders (excluding 8IH and its concert parties) in the Company (**Independent Shareholders**) will be diluted. Such dilution effects are illustrated in the table below, which sets out, inter alia, the changes in the shareholding interests of the Company after the Proposed Transaction, each on a post-Proposed Share Consolidation basis.

| Shareholder | Immediately before the Proposed Transaction | | Immediately after the Proposed Transaction | |
|------------------------|---|-------------------|--|-------------------|
| | Number of Shares | % of total Shares | Number of Shares | % of total Shares |
| 8IH and its subsidiary | 1,412,754 | 10.81% | 30,391,858 | 69.74% |
| Existing Shareholders | 11,660,526 | 89.19% | 11,660,526 | 26.76% |
| Glorymont | - | - | 1,525,216 | 3.50% |
| TOTAL | 13,073,280 | 100.00% | 43,577,600 | 100.00% |

Note that all shareholding numbers are subject to rounding.

3.11 Advantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive advantages may be relevant to a Shareholder's determination on how to vote on the Resolutions:

- (a) the Independent Expert and Independent Financial Adviser have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of the Company;
- (b) the business fundamental in events revenue of the Company will be strengthened due to:
 - (i) synergistic collaboration of finance related seminars and conferences;
 - (ii) lead generation of participants for 8VIC by the events and digital marketing segment of the Company; and
 - (iii) cross leverage of leads of participants into programmes;
- (c) the 8VIC business will bring profits to the combined group;
- (d) the complimentary nature of services provided by the Company and 8VIC mean that the combined group has greater revenue and profit growth potential;

- (e) 8VIC has a history of paying dividends. This may increase the likelihood of the Company's Shareholders receiving dividends in the future;
- (f) the Proposed Transaction would help to diversify the revenue streams of the Company;
- (g) the transaction would be earning per share accretive to the Company's Shareholders; and
- (h) the impact of potential dividends and profitability in the combined business may increase the liquidity of the Company's shares.

3.12 Disadvantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive disadvantages may be relevant to a Shareholder's determination on how to vote on the Resolutions:

- (a) the issue of Consideration Shares to 8VIC vendors will have a dilutive effect on the voting interest of Non-Associated Shareholders of the Company, reducing their interest from 89.25% to approximately 26.77%;
- (b) the 8VIC business operates in a niche training sector which may limit the opportunity for growth;
- (c) the 8VIC business relies on ongoing new registrations and repeat registrations for new courses; and
- (d) the Proposed Transaction would result in 8IH, the ultimate parent company of 8VIC, owning approximately 70% of the Company. Effectively 8IH will have control over Company. Acting alone, 8IH would be able to pass general resolutions, block special and general resolutions and would have significantly influence over passing special resolutions.

3.13 Implications if Proposed Transaction does not proceed

In the event that the Resolutions are not passed and the Company does not acquire the 8VIC, it will, amongst other things, continue to focus on its core business sectors of:

- (a) events and digital marketing;
- (b) affiliate advertising; and
- (c) creative consulting.

3.14 Independent Expert's Report

Under the Listing Rules, the Company is required to engage an independent expert to advise Shareholders whether the acquisition of shares in 8VIC from 8IH is fair and reasonable to the non-associated Shareholders.

Accordingly, the Independent Expert has prepared the Independent Expert's Report and a copy is attached as Schedule 3 to the Explanatory Memorandum.

The Independent Expert has concluded that the acquisition of 8VIC shares from 8IH is fair and reasonable to the non-associated Shareholders of the Company.

Shareholders are encouraged to read the Independent Expert's Report in detail and consult a professional adviser if you have any questions.

3.15 Indicative timetable

The following is an indicative timetable for completion of the Proposed Transaction.

| Event | Indicative Date |
|---|---|
| Entry into Option Agreement | Monday, 6 November 2017 |
| Despatch of Notice | Monday, 6 November 2017 |
| Last day for lodgement of CDI Voting Instruction Form | Monday, 20 November 2017 at 8am (SST) (11am (AEDT)) |
| Snapshot date for eligibility to vote at Meeting | Monday, 20 November 2017 at 5pm (SST) (8pm (AEDT)) |
| Meeting | Thursday, 23 November 2017 at 8am (SST) (11am (AEDT)) |
| Entry into Share Acquisition Agreement | Friday, 24 November 2017 |
| Completion of the Proposed Transaction | Monday, 27 November 2017 |

The above timetable is indicative only and subject to change. The Directors reserve the right to amend the timetable without notice and will keep Shareholders updated (via ASX announcements) on the timing of the completion of the proposed acquisition of 8VIC as it progresses.

The Company will release a timetable for the Proposed Share Consolidation once conditions have been met.

3.16 Share price information

The Company's closing share price on 6 October 2017, being the last trading day prior to the Announcement was A\$0.035. The closing share price on 3 November 2017, being the last trading day prior to the finalisation of the Explanatory Memorandum was A\$0.04.

Over the past six months the Company's Shares have traded between A\$0.035 and A\$0.086.

Trading in the Company's Shares is currently illiquid.

3.17 Director's recommendation

The Directors (other than Mr Tan, who is also an executive director of the primary vendor, 8IH), having considered the potential advantages and disadvantages of the Proposed Transaction and the Independent Expert's Report and letter from the Independent Financial Adviser, are of the view that the Proposed Transaction is in the best interests of the Company and its non-associated Shareholders.

The Directors (other than Mr Tan) unanimously recommend that the non-associated Shareholders should vote in favour of the Resolutions. All Directors (other than Mr Tan) intend to vote all the Shares that they control in favour of the Resolutions.

Other than as set out elsewhere in this Explanatory Memorandum, no Director has an interest or will participate in the Proposed Transaction.

3.18 Forward Looking Statements

The forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Memorandum. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

4. Resolution 1 - Consolidation of capital

4.1 Background and effect of the Proposed Share Consolidation

The background for the Proposed Share Consolidation is set out in Section 3.

Under the Proposed Share Consolidation, each Shareholder of the Company will receive one Consolidated Share for every 50 Existing Shares (**Existing Shares**) registered in the name of each Shareholder on the effective date of the Proposed Share Consolidation, being a date to be determined by the Board in its absolute discretion as they deem fit, provided that such date shall fall within 30 days of the date of approval of the Proposed Share Consolidation by the Shareholders at the Meeting to be convened (**Effective Date**). The Consolidated Shares will rank *pari passu* in all respects with each other.

Shareholders should note that, upon completion of the Proposed Share Consolidation, the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of the Existing Shares as at the Effective Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the implementation of the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Board of Directors of the Company may, in its absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractions of Consolidated Shares which will be disregarded.

Shareholders who hold less than fifty Existing Shares as at the Effective Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon the completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of fifty Existing Shares prior to the Effective Date.

As at the date of this Notice, the Company has an issued and paid-up share capital of 653,664,000 issued Shares, which are listed on ASX and trade on ASX in the form of CDIs. Subject to the necessary approvals and assuming that there is no other change to the number of issued Shares from the date of this Notice up to the Effective Date, and excluding the issue of any Consideration Shares, following the completion of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of approximately 13,073,280 Consolidated Shares. Further details of the capital structure of the Company following the Proposed Transaction (including the Proposed Share Consolidation) is set out in Section 3.10.

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 are not required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding.

4.2 Rationale for the Proposed Share Consolidation

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of shares of the Company outstanding, and the trading price per Consolidated Share should theoretically be proportionally higher than the trading price per Existing Share prior to the Proposed Share Consolidation. This will help to reduce volatility, improve liquidity by reducing the bid/ask spread, improve marketability and concurrently the impact of speculative orders on the stock.

Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results as stated above, nor is there any assurance that such results (if achieved) can be sustained in the longer term.

The Directors recommend Shareholders vote in favour of the Resolution.

4.3 Indicative timetable

If Resolution 1 is passed, the Proposed Share Consolidation will take effect in accordance with the timetable set out in Appendix 7A (paragraph 8) of the ASX Listing Rules.

Under Singapore law the Board has the ability to declare what date the Proposed Share Consolidation becomes effective (the Effective Date), provided that such date is within 30 days of the date Resolution 1 is passed.

The Company will not undertake the Proposed Share Consolidation until the Share Swap Agreement becomes unconditional. The Company will release an announcement to ASX, together with an Appendix 3A and the timetable for the Proposed Share Consolidation, at the time the Share Swap Agreement becomes unconditional.

5. Resolution 2 - Approval to acquire substantial asset from substantial shareholder

5.1 General

Resolution 2 seeks Shareholder approval under Listing Rule 10.1 for the acquisition by the Company of 8IH's interests in 8VIC.

Refer to Section 3 for further details regarding the Proposed Transaction.

5.2 Listing Rule 10.1

Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to (among others), a related party of the entity or an associate of such person. A substantial asset is an asset that has a value equating to 5% or more of the equity interests of the entity. A related party includes a director of the company.

Given that 8IH (together with its wholly owned subsidiary 8 Business Pte Ltd), is a substantial holder of the Company (with a holding of 10.81%), the Company must obtain Shareholder approval for the Proposed Transaction, which includes the acquisition of 8IH's interests in 8VIC. The deemed value of consideration is approximately A\$60.85 million, which is more than 5% of the equity interests of the Company.

5.3 Independent Expert's Report

Under the Listing Rules, the Company is required to engage an independent expert to advise Shareholders whether the acquisition of 8VIC shares from 8IH is fair and reasonable to the non-associated Shareholders.

Accordingly, the Independent Expert has prepared the Independent Expert's Report and a copy is attached as Schedule 3 to the Explanatory Memorandum.

The Independent Expert has concluded that the acquisition is fair and reasonable to the non-associated Shareholders of the Company.

Shareholders are encouraged to read the Independent Expert's Report in detail and consult a professional adviser if you have any questions.

6. Resolution 3 - Approval to issue Consideration Shares to Vendors

6.1 General

Resolution 3 seeks approval for the issue of the Consideration Securities.

The effect of Resolution 3 will be to allow the Directors to issue the Consideration Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

6.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities (as that term is defined in the Listing Rules) during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

As 8IH is not a Listing Rule 10.11 party, Shareholder approval is sought under Listing Rule 7.1 for the issue of Consideration Shares to them.

6.3 Technical information required by Listing Rule 7.3

The following information is provided in relation to the proposed issue of Shares to the Vendors pursuant to and in accordance with Listing Rule 7.3:

- (a) the maximum number of Consideration Shares to be issued (on a post-Proposed Share Consolidation basis) is:
 - (i) 28,979,104 Consideration Shares to 8IH; and
 - (ii) 1,525,216 Consideration Shares to Glorymont;

- (b) the Consideration Shares will be issued for a deemed issue price of A\$2.10 each (AS0.042 on a pre-Proposed Share Consolidation basis);
- (c) the Consideration Shares will be issued no later than three (3) months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Consideration Shares will be issued to the Vendors;
- (e) the Consideration Shares are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares; and
- (f) no funds will be raised from the issue of the Consideration Shares as they are to be issued as consideration for the acquisition of 100% of the issued share capital of 8VIC.

7. Resolution 4 - Proposed Whitewash Resolution

7.1 Mandatory General Offer

As at the Latest Practicable Date, 8IH holds (directly and indirectly) an interest in 70,637,710 Shares (on a pre-Proposed Share Consolidation basis), representing approximately 10.81% of the existing share capital as well as the voting rights in the Company. Subject to the Share Swap Agreement and assuming that the Proposed Share Consolidation mentioned in Resolution 1 take place, on completion, 8IH will be issued 28,979,104 Consideration Shares and thereafter, 8IH and parties acting in concert with it (8 Business Pte. Ltd.) will hold or control an aggregate of 30,391,858 Shares, representing approximately 69.74% of the enlarged number of issued Shares as well as the voting rights in the Company.

Under Rule 14 of the Code, where any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with it) carry 30% or more of the voting rights of a company, such person is required, except with the consent of SIC, to make a mandatory general offer, for all remaining issued shares in the company concerned which he and/or his concert parties do not already own, control or have agreed to acquire.

Therefore, pursuant to Rule 14 of the Code, 8IH and parties acting in concert with it will incur an obligation to make a mandatory general offer for the remaining Shares not owned, controlled or agreed to be acquired by it or its concert parties at the highest price paid or agreed to be paid by any of them for the Shares, in the six months preceding the allotment and issue of the Consideration Shares, unless such obligation is waived by the SIC and the Proposed Whitewash Resolution is approved by the Independent Shareholders at the Meeting.

7.2 SIC Confirmation and Whitewash Waiver

On 11 September 2017, the SIC waived the obligation of 8IH to make a mandatory general offer for the Company under Rule 14.1 of the Code in the event that 8IH and his concert parties' aggregate holdings of voting rights in the Company increase to 30% or more based on the enlarged voting rights in the Company as a result of the issue of the Consideration Shares to 8IH under the Proposed Transaction (**Whitewash Waiver**).

The Whitewash Waiver is subject to, among other things, the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the issue of the Consideration Shares under the Proposed Transaction, approve by way of a poll the Proposed Whitewash Resolution;
- (b) the Proposed Whitewash Resolution is separate from other resolutions;
- (c) 8IH, his concert parties and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (d) 8IH and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of the Consideration Shares):
 - (i) during the period between the date of the Announcement and the date on which Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the six (6) months prior to the date of the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Transaction;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in this Explanatory Memorandum:
 - (i) details of the Proposed Transaction and the issue of the Consideration Shares to 8IH;
 - (ii) the possible dilution effect to existing holders of voting rights as a result of 8IH acquiring the Consideration Shares;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by 8IH and his concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to 8IH under the Proposed Transaction;
 - (v) specific and prominent reference to the fact that the acquisition of the Consideration Shares by 8IH under the Proposed Transaction would result in 8IH and its concert parties holding Shares carrying over 49% of the voting rights in the Company, and that 8IH and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer;
 - (vi) specific and prominent reference to the fact that Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from 8IH at the highest price paid by 8IH and parties acting in concert with it for the Shares in the past six (6) months preceding the allotment and issuance of the Consideration Shares;

- (g) this Explanatory Memorandum states that the waiver granted by the SIC to 8IH from the requirement to make a general offer under Rule 14 is subject to the conditions stated in subparagraphs 7.2(a) to 7.2(f) above;
- (h) 8IH obtains the SIC's approval in advance for those parts of this Explanatory Memorandum that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Proposed Whitewash Resolution, the issue of the Consideration Shares to 8IH under the Proposed Transaction must be completed within three (3) months of the date of approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for conditions set out under Sections 7.2(a), 7.2(c), 7.2(d)(i) and 7.2(i) of this Explanatory Memorandum, which are expected to be satisfied only at or after the Meeting, all the other conditions imposed by the SIC set out above have been satisfied.

8IH and his concert parties did not acquire and nor will they acquire, any Shares, instruments convertible into Shares or options in respect of Shares:

- (a) during the period between the date of the Announcement and the date on which Independent Shareholders' approval is obtained for the Proposed Whitewash Resolution at the Meeting; and
- (b) in the six (6) months prior to the date of the Announcement.

7.3 The Proposed Whitewash Resolution

The Independent Shareholders are requested to vote by way of poll on the Proposed Whitewash Resolution as set out as an ordinary resolution in the Notice, waiving their rights to receive a general offer from 8IH for the remaining Shares that 8IH and his concert parties do not already own, control or have agreed to acquire.

Shareholders should note that the Proposed Transaction is conditional, among other things, upon the passing of the Proposed Whitewash Resolution by the Independent Shareholders. In view of this, in the event that the Proposed Whitewash Resolution is not passed by the Independent Shareholders, the Proposed Transaction will not take place.

Shareholders should also note that the acquisition of the Consideration Shares by 8IH under the Proposed Transaction would result in 8IH and its concert parties holding Shares carrying over 49% of the voting rights in the Company, and that 8IH and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer.

Independent Shareholders should also note that by voting for the Proposed Whitewash Resolution, they will be waiving their rights to a general offer from 8IH at the highest price paid by 8IH and his concert parties for the Shares in the six (6) months preceding the allotment and issuance of the Consideration Shares.

In connection with the condition set out under Sections 8.2(e) of this Explanatory Memorandum, MS Corporate Finance Pte. Ltd. has been appointed the independent financial adviser (IFA) to advise the Directors considered independent for the purpose of the Proposed Whitewash Resolution, namely Mr Ivan Ong Shao Kuang and Mr Zane Robert Lewis (**Recommending Directors**), in respect of the Proposed Whitewash Resolution.

Having regard to the analysis set out in its letter in respect of the Proposed Whitewash Resolution (**IFA Letter**) and information available as at the Latest Practicable Date,

the IFA considers that the terms of the Proposed Transaction, which is the subject of the Proposed Whitewash Resolution, are fair and reasonable. Based on its assessment of the terms of the Proposed Transaction as set out in Section 7 (Recommendation) of the IFA Letter, the IFA advises the Recommending Directors to recommend that the Independent Shareholders vote in favour of the Proposed Whitewash Resolution.

A copy of the full IFA Letter is attached as Schedule 4 to the Explanatory Memorandum. Shareholders are urged to read the IFA Letter in full before voting on Resolution 4.

7.4 Dilution

As at the Latest Practicable Date, the Company's issued share capital is S\$28,200,000 comprising 653,664,000 Shares (on a pre-Proposed Consolidation basis). Assuming that the Proposed Share Consolidation mentioned in Resolution 1 and the Proposed Transaction take place and all the Consideration Shares are issued, the 30,504,320 Consideration Shares (on a post-Proposed Consolidation basis) will represent 70.0% of the Shares in the enlarged share capital of the Company, which will comprise 43,577,600 Shares.

As a result of the Proposed Transaction, the collective shareholding interests of the Independent Shareholders in the Company will be diluted. Such dilution effects are illustrated under Section 3.10 of this Explanatory Memorandum, which sets out, inter alia, the changes in the shareholding interests of the Company after the Proposed Transaction.

7.5 Interest of the Vendors in Shares

Save as disclosed in the table in Section 3.10 of this Explanatory Memorandum, as at the Latest Practicable Date, the Vendors do not have an interest in any voting rights in the Company or instruments convertible into, rights to subscribe for and options in respect of the Shares.

Schedule 1 - Definitions and Interpretations

1. Definitions

In the Notice and this Explanatory Memorandum, unless the context otherwise requires:

8VIC means 8VIC Global Private Ltd.

A\$ means Australian dollars.

AEDT means Australian Eastern Daylight Time.

Announcement means the Company's announcement released to ASX on 9 October 2017.

Articles means the Company's Memorandum of Incorporation and Articles of Association (interchangeable with '**Constitution**').

ASX means ASX Limited ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Limited.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).

Board means the board of Directors from time to time.

CDI means CHESS Depository Interests issued by CDN, where each CDI represents a beneficial interest in one Share.

CDI Voting Instruction Form means the CDI voting instruction form attached to the Notice.

CDN means CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 254514), in its capacity as depository of the CDIs under the ASX Settlement Rules.

Chairperson means the person appointed to chair the Meeting.

Code means the Singapore Code on Take-overs and Mergers.

Companies Act means the *Companies Act* (Cap.50) of Singapore.

Company means Digimatic Group Ltd. ARBN 605 944 198.

Consideration Shares has the meaning ascribed to it in Section 3 of this Explanatory Memorandum.

Consolidated Share has the meaning ascribed in Resolution 1.

Constitution means the Memorandum and Articles of Association of the Company.

Director means any director of the Company and **Directors** means all of them.

Effective Date has the meaning ascribed in Resolution 1.

Existing Shares has the meaning ascribed in Resolution 1.

Explanatory Memorandum means this explanatory memorandum.

Group means the Company and its subsidiaries.

Independent Expert means Moore Stephens Perth Corporate Services Pty Ltd.

Independent Financial Adviser means MS Corporate Finance Pte Ltd.

IFA has the meaning ascribed in Section 8.3.

IFA Letter has the meaning ascribed in Section 8.3.

Latest Practicable Date means 31 October 2017, being the latest practicable date prior to the printing of the Notice and this Explanatory Memorandum.

Listing Rules means the official listing rules of the ASX.

Notice means this notice of general meeting.

Proposed Share Consolidation means the proposed consolidation of the Company's share capital pursuant to Resolution 1.

Proposed Transaction has the meaning ascribed in Section 3.

Proposed Whitewash Resolution means Resolution 4.

Recommending Directors has the meaning ascribed in Section 8.3.

Resolution means any resolution detailed in the Notice as the context requires.

S\$ means Singaporean dollars.

Schedule means a schedule to the Notice.

Section means a section of this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company or a CDI, as applicable.

Shareholder means a holder of a Share (including CDN in its capacity as depositary of the CDIs under the ASX Settlement Rules), or holder of a CDI, as applicable.

Share Swap Agreement has the meaning ascribed in Section 3.

SST means Singapore Standard Time, being the time in Singapore.

Vendors means 8IH, its wholly owned subsidiary 8 Business Pte Ltd and Glorymont.

2. Interpretation

In the Notice and this Explanatory Memorandum, headings and words in bold are for convenience only and do not affect the interpretation of the Notice and this Explanatory Memorandum and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in the Notice or this Explanatory Memorandum have a corresponding meaning;
- (d) a term not specifically defined in the Notice or this Explanatory Memorandum has the meaning given to it (if any) in the Companies Act;
- (e) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (f) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (g) a reference to a body (including, without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions; and
- (h) “include” and “including” are not words of limitation.

Schedule 2 - Pro-forma statement of financial position

The pro forma balance sheet detailed below (in both Singaporean and Australian dollars) has been prepared to illustrate the effect of the Proposed Transaction and assumes completion of certain other pro forma transactions as if they had occurred on 31 March 2017.

| | Actual (Audited) 31.3.2017 S\$'000 | Adjustments (unaudited) Acquisition S\$'000 | Pro-forma Consolidated (unaudited) S\$'000 |
|---|---|--|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 11,613 | 1,600 | 13,213 |
| Trade and other receivables | 1,165 | 2,271 | 3,436 |
| | <u>12,778</u> | <u>3,871</u> | <u>16,649</u> |
| Non-current assets | | | |
| Plant and equipment | 451 | 475 | 926 |
| Intangible assets | 2,224 | 1,408 | 3,632 |
| Available-for-sale financial assets | 100 | 3 | 103 |
| Other receivables | 2,600 | 331 | 2,931 |
| | <u>5,375</u> | <u>2,217</u> | <u>7,592</u> |
| Total assets | <u>18,153</u> | <u>6,088</u> | <u>24,241</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 1,590 | 1,277 | 2,867 |
| Current income tax liabilities | 44 | - | 44 |
| Unearned revenue | 1,005 | 3,246 | 4,251 |
| | <u>2,639</u> | <u>4,523</u> | <u>7,162</u> |
| Non-current liabilities | | | |
| Other payables | 65 | 46 | 111 |
| Deferred income tax liabilities | 92 | 4 | 96 |
| | <u>157</u> | <u>50</u> | <u>207</u> |
| Total liabilities | <u>2,796</u> | <u>4,573</u> | <u>7,369</u> |
| NET ASSETS | <u>15,357</u> | <u>1,515</u> | <u>16,872</u> |
| EQUITY | | | |
| Capital and reserves attributable to equity holders of the Company | | | |
| Share capital | 13,804 | 3,794 | 17,598 |
| Other reserves | (1) | (4,661) | (4,662) |
| Retained profits | 1,201 | 2,382 | 3,583 |
| | <u>15,004</u> | <u>1,515</u> | <u>16,519</u> |
| Non-controlling interests | <u>353</u> | <u>-</u> | <u>353</u> |
| Total equity | <u>15,357</u> | <u>1,515</u> | <u>16,872</u> |

| | Actual (Audited) 31.3.2017 A\$'000 | Adjustments (unaudited) Acquisition A\$'000 | Pro-forma Consolidated (unaudited) A\$'000 |
|---|---|--|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 10,871 | 1,498 | 12,369 |
| Trade and other receivables | 1,090 | 2,126 | 3,216 |
| | <u>11,961</u> | <u>3,624</u> | <u>15,585</u> |
| Non-current assets | | | |
| Plant and equipment | 422 | 445 | 867 |
| Intangible assets | 2,082 | 1,317 | 3,399 |
| Available-for-sale financial assets | 93 | 3 | 96 |
| Other receivables | 2,434 | 310 | 2,744 |
| | <u>5,031</u> | <u>2,075</u> | <u>7,106</u> |
| Total assets | <u>16,992</u> | <u>5,699</u> | <u>22,691</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 1,488 | 1,196 | 2,684 |
| Current income tax liabilities | 41 | - | 41 |
| Unearned revenue | 941 | 3,038 | 3,979 |
| | <u>2,470</u> | <u>4,234</u> | <u>6,704</u> |
| Non-current liabilities | | | |
| Other payables | 61 | 43 | 104 |
| Deferred income tax liabilities | 86 | 4 | 90 |
| | <u>147</u> | <u>47</u> | <u>194</u> |
| Total liabilities | <u>2,617</u> | <u>4,281</u> | <u>6,898</u> |
| NET ASSETS | <u>14,375</u> | <u>1,418</u> | <u>15,793</u> |
| EQUITY | | | |
| Capital and reserves attributable to equity holders of the Company | | | |
| Share capital | 12,922 | 3,551 | 16,473 |
| Other reserves | (1) | (4,363) | (4,364) |
| Retained profits | 1,124 | 2,230 | 3,354 |
| | <u>14,045</u> | <u>1,418</u> | <u>15,463</u> |
| Non-controlling interests | 330 | - | 330 |
| Total equity | <u>14,375</u> | <u>1,418</u> | <u>15,793</u> |

Preparation of the Consolidated Pro Forma Balance Sheet

The consolidated pro forma balance sheet has been prepared to demonstrate the impact of completion of the acquisition of 8VIC and the issuance of Consideration Shares.

Under the scenarios above, the 31 March 2017 audited Statement of Financial Position of the Company has been adjusted to reflect the impact of the following proposed transactions or transactions which have taken place subsequent to 31 March 2017:

- (a) intangible asset and goodwill arising on consolidation of S\$1.4 million (A\$1.3 million); and
- (b) an applied exchange rate of A\$1.0000 to S\$1.0683 (extracted from Monetary Authority Singapore as at 31 March 2017).

Schedule 3 - Independent Expert's Report

Digimatic Group Limited

Independent Expert's Report
and Financial Services Guide
3 November 2017

**The Proposed Transaction is fair and reasonable to the Non-Associated
Shareholders of Digimatic Group Limited**

**Prepared by Moore Stephens Perth Corporate Services Pty Ltd
Australian Financial Services License No. 240773**

MOORE STEPHENS PERTH CORPORATE SERVICES PTY LTD

Australian Financial Services License No. 240773

FINANCIAL SERVICES GUIDE

This Financial Services Guide is issued in relation to our Independent Expert's Report on the proposed acquisition of 100% of the issued shares of 8VIC Global Pte Ltd ("8VIC") by Digimatic Group Limited ("Digimatic"), in exchange for the issue of 1,525,216,000 fully paid Digimatic shares (the "Proposed Transaction"). Our report has been prepared at the request of the Directors of Digimatic for inclusion in the Notice of Meeting to be dated November 2017.

Moore Stephens Perth Corporate Services Pty Ltd

Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS") has been engaged by the directors of Digimatic to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transaction is "fair and reasonable" to the shareholders of Digimatic other than 8I Holdings Limited (the parent company of 8VIC).

MSPCS holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the proposed transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately \$30,000 plus GST.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MSPCS is the licensed corporate advisory arm of Moore Stephens Perth, Chartered Accountants. The directors of MSPCS may also be partners in Moore Stephens Perth Chartered, Accountants.

Moore Stephens Perth, Chartered Accountants is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MSPCS's contact details are set out on our letterhead.

Neither MSPCS nor its related entities have previously provided any professional services to Digimatic or 8VIC.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Stephens, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited ("FOS"). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MSPCS is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: 03 9613 6399
Email: info@fos.org.au

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3 November 2017

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Dear Directors

INDEPENDENT EXPERT'S REPORT

1. INTRODUCTION

- 1.1 This Independent Expert's Report ("IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Digimatic Group Limited ("Digimatic" or "the Company") at which shareholder approval will be sought for the acquisition of 100% of the issued shares in 8VIC Global Pte Limited ("8VIC") in exchange for the issue of 30,504,320 Digimatic shares (post consolidation) to the shareholders of 8VIC ("Vendors") ("Proposed Transaction").

Further details of the Proposed Transaction are set out in Section 3.

2. SUMMARY & OPINION

Purpose of the Report

- 2.1 Listing Rule 10.1 requires the approval of the Company's shareholders where it has proposed to acquire a "substantial asset" from:
- A related party, or an associate of a related party of the Company; or
 - A subsidiary, or an associate of a subsidiary of the Company; or
 - A substantial shareholder, or an associate of a substantial shareholder of the Company. A substantial shareholder is defined under ASX listing rules as a shareholder with a relevant interest at any time in the previous six months prior to the transaction, in at least 10% of the total votes attaches to the voting securities in the entity.
- 2.2 A substantial asset includes those with a value greater than 5% of the total equity interests of the entity at the date of the last set of financial statements provided to the ASX.
- 2.3 8I Holdings Pte Limited ("8IH") is a substantial security holder of Digimatic, and has a director in common. The value of 8VIC exceeds 5% of the value of total equity of Digimatic as at 31 March 2017 (the date of the latest set of financial statements provided to the ASX). As such, shareholder approval is required, and an Experts Report is to be included in a Notice of Meeting, stating whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.
- 2.4 The Directors of Digimatic have engaged Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS") being independent and qualified for the purpose, to prepare an Independent Expert's Report to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the shareholders of Digimatic not associated with the Proposed Transaction (the "Non-Associated Shareholders").
- 2.5 Our assessment of the Proposed Transaction relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.

Approach

- 2.6 Our report has been prepared having regard to Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 111 Content of Expert’s Reports (“RG 111”) and Regulatory Guide 112 Independence of Expert’s (“RG 112”)
- 2.7 In arriving at our opinion, we have assessed the terms of the Proposed Transaction, as outlined in the body of our report, by considering the following;
- How the value of Digimatic shares prior to the Proposed Transaction on a control basis compare to the value of 8VIC on a minority basis;
 - Advantages and disadvantages of approving the Proposed Transaction;
 - The likelihood of a superior alternative Proposed Transaction being available to Digimatic;
 - Other factors which we consider to be relevant to the shareholders of Digimatic in their assessment of the Proposed Transaction; and
 - The position of the shareholders of Digimatic should the Proposed Transaction not be successful.
 - Further information on the approach we have employed in assessing whether the Proposed Transaction is “fair and reasonable” is set out at Section 4 of this Report.

Opinion

- 2.8 We have considered the terms of the Proposed Transaction as outlined in the body of our report and have concluded that the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Digimatic, as set out in sections 11 and 12 of this Report.

Fairness

- 2.9 In Section 11 we determined that the value of 8VIC compares to the value of Digimatic shares issued to the Vendors, as detailed below:

| | Section | Low S\$ | High S\$ |
|---|---------|---------------|---------------|
| Assessed Fair Value per share of Digimatic shares prior to the Proposed Transaction on a control basis – pre consolidation/(post consolidation) | 9 | 0.016/(0.798) | 0.023/(1.175) |
| Assessed Fair Value of 8VIC per Digimatic Share issued as consideration to Vendors on a minority basis – pre consolidation/(post consolidation) | 10 | 0.011/(0.555) | 0.020/(0.979) |

Source: Moore Stephens analysis

- 2.10 In the absence of any other relevant information, in our opinion, the Proposed Transaction is fair to the Non-Associated Shareholders of Digimatic as the valuations demonstrate overlap. Our opinion of fairness is dependent on our assessment of the value of a Digimatic share prior to the Proposed Transaction. Specifically, the high end of our valuation of a Digimatic share assumes goodwill associated with existing businesses of Digimatic and an unsecured loan receivable are recoverable in full. Whilst we consider it appropriate to include these values in our high valuation, there is a risk to the recoverability of each of these balances. Given the risks associated with these balances, the low end of the range of values for a Digimatic share is our preferred value. As such, there is considerable overlap in value and our preferred value is within the range of values attributable to 8VIC.
- 2.11 Where the valuations ranges do not overlap, the Proposed Transaction could be considered not fair. In circumstances where Non-Associated Shareholders consider the non-overlapping valuation ranges to be appropriate, they may conclude that the Proposed Transaction is not fair.

Reasonableness

2.12 We have considered the analysis in Section 12 of this report, in terms of both:

- Advantages and disadvantages of the Proposed Transaction;
- Other considerations, including the level of control of Digimatic if the Proposed Transaction is successful and the position of shareholders of Digimatic if the Proposed Transaction is not successful.

2.13 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non- Associated Shareholders of Digimatic.

2.14 The advantages and disadvantages considered are summarised below;

ADVANTAGES

The Proposed Transaction is fair.

The 8VIC business would bring profits to the combined group.

Digimatic will benefit from synergies from the integration of the two businesses over time.

The complimentary nature of services provided by Digimatic and 8VIC mean that the combined group has greater revenue and profit growth potential.

8VIC has a history of paying dividends. This may increase the likelihood of Digimatic shareholders receiving dividends in the future.

The Proposed Transaction would help to diversify the revenue streams of Digimatic.

The transaction would be Earning per Share ("EPS") accretive to Digimatic shareholders.

The impact of potential dividends and profitability in the combined business may increase the liquidity of Digimatic shares.

DISADVANTAGES

Dilution of existing Shareholders' interests.

The value of 8VIC is lower than the quoted market price value of a Digimatic share at the date of this report.

The 8VIC business operates in a niche training sector which may limit the opportunity for growth.

With the type of training that 8VIC offers, there is no requirement for continuous learning and could be considered to be "one off" seminars and courses. The 8VIC business relies on repeated new registrations.

The Proposed Transaction would result in 8I Holdings Limited ("8IH"), the ultimate parent company of 8VIC, owning approximately 70% of Digimatic. Effectively 8IH will have control over Digimatic.

Other key matters we have considered include:

The likelihood of alternative offers is low.

If the Proposed Transaction is not approved, Digimatic may continue to be loss making or marginally profitable.

The market appears to have reacted positively to the Proposed Transaction.

3. SUMMARY OF TRANSACTION

- 3.1 Digimatic has entered into a conditional Share Purchase Agreement to acquire 100% of the issued capital of 8VIC ("Proposed Transaction"). In consideration for the acquisition of 8VIC, Digimatic will issue a total of 1,525,216,000 pre consolidation (30,504,320 post consolidation) fully paid ordinary Digimatic Shares to the Vendors of 8VIC.
- 3.2 If the Proposed Transaction proceeds, 8VIC will become a wholly owned subsidiary of Digimatic. In turn, Digimatic will become a subsidiary of 8I Holdings Limited, the ultimate holding company of 8VIC.

Key conditions of the Proposed Transaction

- 3.3 The Proposed Transaction is conditional upon a number of conditions precedent, including:
- Digimatic being satisfied with the due diligence of 8VIC's business and operations;
 - Digimatic obtaining all necessary shareholder, regulatory and ASX approvals;
 - The Proposed Transaction being deemed fair and reasonable to Non-Associated Shareholders;
 - The financial statements of 8VIC to 31 March 2017 and its results to 30 September 2017 being acceptable to the Digimatic Shareholders.

Rationale for the Proposed Transaction

- 3.4 The acquisition of 8VIC delivers Digimatic with access to a diversified revenue stream that is profitable and EPS accretive. In addition, the Company could achieve synergies from integrating with 8VIC, including the potential for a combined entity to grow its position in the Asia Pacific region.

Impact of Proposed Transaction on Digimatic's Capital Structure

- 3.5 The table below sets out a summary of the capital structure of Digimatic prior to, and post, the Proposed Transaction:

Share structure of Digimatic prior to and post the Proposed Transaction

| | Prior to Proposed Transaction | | Post Proposed Transaction | |
|--|---------------------------------|------------|-----------------------------------|------------|
| Shares on issue pre consolidation/(post consolidation): | | % | | % |
| Non-Associated Shareholders | 583,026,291/(11,660,526) | 89.3 | 583,026,291/(11,660,526) | 26.8 |
| 8VIC Shareholders – 8I Holdings Limited | 70,637,709/(1,412,754) | 10.7 | 1,519,592,909/(30,391,858) | 69.7 |
| 8VIC shareholders – other vendors | - | - | 76,260,800/(1,525,216) | 3.5 |
| Total Shares on issue | 653,664,000/(13,073,280) | 100 | 2,178,880,000/(43,577,600) | 100 |

Source: Company Estimates

4. SCOPE OF THE REPORT

Regulatory guidance

- 4.1 The Listing Rules do not define the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.
- 4.2 This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.
- 4.3 In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to the shareholders of Digimatic.

Adopted basis of evaluation

- 4.4 RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG111 requires the value of the Digimatic shares to be issued to the Vendors prior to the Proposed Transaction to be valued on a control basis, and the value of 8VIC to be valued on a minority basis.
- 4.5 Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for Non – Associated Shareholders to accept the Proposed Transaction in the absence of any higher bid.
- 4.6 Having regard to the above, MSPCS has completed this comparison in two parts:
 - A comparison between the value of the Digimatic shares to be issued to the Vendors prior to the Proposed Transaction on a control basis, and the value of 8VIC on a minority basis (fairness – see Section 11 – Assessment of Fairness); and
 - An investigation into other significant factors to which Non-Associated Shareholders might give consideration, prior to accepting the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 12 -Assessment of Reasonableness).

5. PROFILE OF DIGIMATIC GROUP LTD

Background

- 5.1 Digimatic was incorporated as a public company on 15 December 2015 and operates in the digital marketing space. Basing itself in Singapore, it maintains activities throughout Singapore and internationally. Digimatic operates on multiple levels including creative, media and solution segments and aims to be a leader in digital performance marketing and advertising.
- 5.2 As at 16 October 2017 Digimatic's share price was A\$0.041, giving a market capitalisation of approximately A\$26.8m at that date.

Creatives

- 5.3 Digimatic Creatives Pte Limited ("DMR"), a 51% owned subsidiary of Digimatic, was acquired by the Company on 29 February 2016, and is the marketing and branding segment of the Group, focussing on creative content creation, end-to-end branding and marketing solutions for its clients. DMR customises integrated branding and marketing solutions to compliment the individual client's requirements and functions, such as customer service, sales, marketing and operations.

Media

- 5.4 The DMC media segment comprises Digimatic Media Private Limited ("DMM") and Wewe Media Group Pte Limited ("WWM"), both wholly owned subsidiaries of DMC. The media segment of DMC has two main functions – online performance based marketing including lead generation; and training via the Ace Profits Academy.
- 5.5 Ace Profits Academy, based in Singapore, has expanded its programmes offered from 2 in 2014 to 20 in 2017, as well as expanding geographically from Singapore to Malaysia. DMM aims to continue its expansion into the Asia Pacific region, specifically Thailand, Indonesia, Vietnam and Australia. Ace Profits Academy provides seminars on wealth development, personal development and wellness development.
- 5.6 WWM compliments DMM as the mobile marketing division of the DMC Group, specialising in performance based leads generation for mobile devices.

Board of Directors

- 5.7 The current Board of Directors are:

| Name | Title | Experience |
|--------------------|---|---|
| Clive Tan Che Koon | Non-Executive Chairman | Mr Tan advises on corporate governance, strategic planning and direction of the Company. Mr Tan is also the co-founder and Executive Director of 8I Holdings Limited. |
| Zane Robert Lewis | Non-Executive Director & Compliance Manager | Mr Lewis has over 20 years' experience in small cap companies. He has undertaken various corporate advisory roles with ASX listed companies. |
| Ivan Ong | Executive Director | Mr Ong is a digital entrepreneur and has experience and knowledge in the digital advertising space. |

Funding of Operations

- 5.8 The Company has funded its operations by raising capital from shareholders, having raised A\$16.4m from its Initial Public Offering in 2015. As at 31 March 2017 A\$11.6m of the cash raised is still on hand. The Company has no debt at the date of this report.

The Historical Consolidated Financial Information

- 5.9 The information below provides a summary of the financial information of the Digimatic Group for the years ended 31 March 2017 and 31 March 2016 extracted from the audited financial statements of the Company.
- 5.10 The auditor of Digimatic, Kong Lim & Partners LLP, issued an unqualified opinion on the financial statements for the year ended 31 March 2017 and 31 March 2016.
- 5.11 The table below sets out the Consolidated Statement of Financial Performance of Digimatic for the years ended 31 March 2017 and 31 March 2016.

| Consolidated Statement of Financial Position | Ref | 31 March 2017 S\$'000 | 31 March 2016 S\$'000 |
|--|-----|--------------------------|--------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | i | 3,613 | 9,988 |
| Fixed deposits | i | 8,000 | 5,000 |
| Trade and other receivables | iv | 1,015 | 2,238 |
| Prepayments | | 150 | 80 |
| Inventory | | - | 4 |
| | | 12,778 | 17,310 |
| Non-current assets | | | |
| Property, plant & equipment | | 451 | 466 |
| Other investments | | 100 | - |
| Intangible assets | ii | 2,224 | 3,620 |
| Loan receivable | iii | 2,600 | - |
| | | 5,375 | 4,086 |
| Total assets | | 18,153 | 21,396 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | iv | 1,590 | 2,396 |
| Provision for income tax | | 44 | 156 |
| Unearned revenue | | 1,006 | 885 |
| | | 2,639 | 3,437 |
| Non-current liabilities | | | |
| Deferred tax liability | | 92 | 175 |
| Provision for reinstatement cost | | 65 | 50 |
| | | 157 | 225 |
| Total liabilities | | 2,796 | 3,662 |
| NET ASSETS | v | 15,357 | 17,734 |
| EQUITY | | | |
| Share capital | | 13,804 | 17,333 |
| Retained earnings | | 1,201 | 91 |
| Foreign currency translation reserve | | (1) | (2) |
| Non-controlling interest | | 353 | 312 |
| TOTAL EQUITY | | 15,357 | 17,734 |

Source: Audited Digimatic financial statements for the years ended 31 March 2016 and 2017.

Note that the Company modified the classification of some of its assets, liabilities and expenses for the year ended 31 March 2016 in the financial statements for the year ended 31 March 2017 in order to reflect the presentation for the 2017 year end.

The Historical Consolidated Financial Information (continued)

- 5.12 We note the following in relation to the financial position of Digimatic as at 31 March 2017:
- The group has a strong cash position with cash and cash equivalents (including short term fixed deposits) of S\$11.6m as at 31 March 2017. Much of the cash raised during the Initial Public Offering in 2015 has yet to be deployed.
 - Intangible assets comprise largely of goodwill on the acquisition of subsidiaries, and the value of brands acquired, in particular “Wewe Media”. The value of intangible assets declined by S\$1.4m during the year ended 31 March 2017 primarily due to the disposal of the subsidiary, Digimatic Solutions Pte Ltd.
 - The Company has a loan receivable from a related party, Mr. Hui Jie Lim (former CEO and Executive Director of Digimatic), of S\$2.6m. The loan is unsecured, and bears interest at 2% per annum for the first 2 years, and at 5% in subsequent years. The loan is repayable in full on 31 March 2022, and can be repaid either in payment of cash or equity of the borrower.
 - Trade and other payables decreased significantly between 2016 and 2017 from S\$2.4m to S\$1.6m. Trade and other receivables also decreased significantly during the same period, from S\$2.2m to S\$1.0m.
 - The Company reported net assets as at 31 March 2017 of S\$15.4m and net current assets of S\$10.1m. The Company has a liquid balance sheet and no debt.
- 5.13 We have reviewed the unaudited net asset position of Digimatic as at 31 July 2017 and note that the net asset position has not changed materially since 31 March 2017.
- 5.14 The table below sets out the Consolidated Statement of Financial Performance of Digimatic for the years ended 31 March 2017 and 31 March 2016.

| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 31 March 2017 S\$,000 | Restated 31 March 2016 S\$'000 |
|---|--------------------------|--------------------------------------|
| Revenue | 15,247 | 9,082 |
| Cost of sales | (10,477) | (5,945) |
| Gross profit | 4,770 | 3,137 |
| Other income | 2,264 | 919 |
| Other items of expense | | |
| Administrative expenses | (5,889) | (2,948) |
| Finance expenses | - | (9) |
| Other Expenses | (24) | - |
| Total Expenses | (5,913) | 2,957 |
| Profit before tax | 1,121 | 1,099 |
| Income tax benefit/(expense) | 25 | (76) |
| Profit after tax for the year | 1,146 | 1,023 |
| Other Comprehensive income/(expense) | 1 | (2) |
| Total comprehensive income for the year | 1,147 | 1,021 |

Source: Audited Digimatic financial statements for the years ended 31 March 2016 and 2017.

Note that the Company modified the classification of some of its assets, liabilities and expenses for the year ended 31 March 2016 in the financial statements for the year ended 31 March 2017 in order to reflect the presentation for the 2017 year end.

The Historical Consolidated Financial Information (continued)

5.15 We note the following in relation to Digimatic's financial performance:

- Operations are still largely in the early phase of operations;
- The Company recognised a 68% growth in revenue between the year ended 31 March 2016 and 31 March 2017, with a growth in net profit before tax of 2% over the same period;
- On 30 March 2017 Digimatic sold its wholly owned subsidiary, Digimatic Solutions Pte Ltd, in order to focus on marketing solutions. The transaction gave rise to a gain on sale of S\$1.728m which is included as other income during the year ended 31 March 2017. Without this gain, Digimatic would have realised a loss before tax for the year ended 31 March 2017 of S\$0.6m.

Group Structure

5.16 The Digimatic Group includes the following subsidiaries:

| Name | Proportion (% of ownership interest) | |
|---|--------------------------------------|-----------|
| | 31-Mar-17 | 31-Mar-16 |
| Digimatic Ventures Ltd ¹ | - | 100 |
| Digimatic Creatives Pte. Ltd | 51 | 51 |
| Anonymous Production Sdn Bhd ⁴ | 100 | - |
| Digimatic Media Private Ltd | 100 | 100 |
| Digimatic Media Sdn Bhd ³ | 100 | - |
| Digimatic Solutions Pte. Ltd ² | - | 100 |
| Wewe Media Group Pte. Ltd | 100 | 100 |

¹ Struck off on 15 March 2017

² Disposed of on 30 March 2017

³ Acquired on 1 June 2016 to provide wealth creation seminars and personal development programs under Ace Profits Academy.

⁴ Incorporated on 29 September 2016

Capital Structure

5.17 At 19 October 2017 Digimatic has 653,664,000 Ordinary Shares (pre-consolidation) on issue. Details of the top 10 shareholders as at 5 September 2017 are as follows:

| Shareholder | Number of Ordinary Shares | % of Total Shares |
|---|---------------------------|-------------------|
| 1 Champion Star United Inc. | 155,140,000 | 23.73 |
| 2 8 Business Pte Ltd | 66,250,999 | 10.14 |
| 3 Mr Shao Kuang Ivan Ong | 60,829,999 | 9.31 |
| 4 Aden Ventures Limited | 51,663,378 | 7.90 |
| 5 Summerhill Group Pte Ltd | 37,060,000 | 5.67 |
| 6 HSBC Custody Nominees (Australia) Limited | 34,003,730 | 5.20 |
| 7 BNP Paribas Noms Pty Ltd | 27,942,091 | 4.27 |
| 8 Feng Chong Jun | 27,493,329 | 4.21 |
| 9 Citicorp Nominees Pty Ltd | 20,601,525 | 3.15 |
| 10 Lim Hui Jie | 20,000,000 | 3.06 |

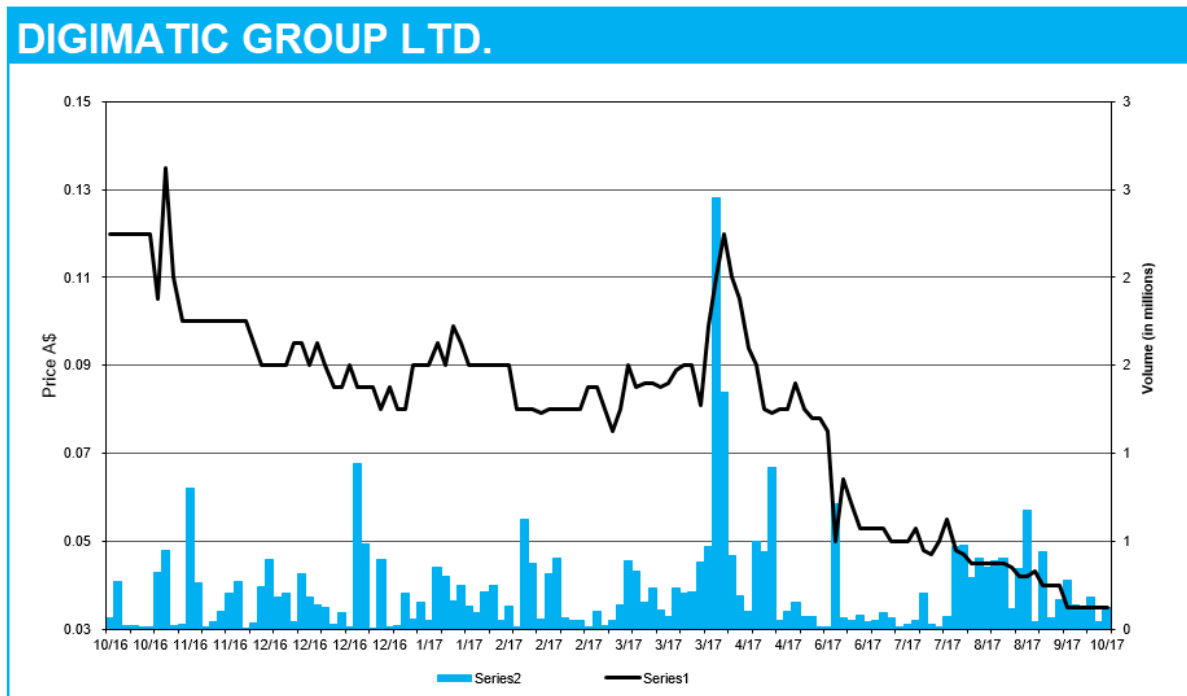
Source: Digimatic's share register

Options

5.18 Digimatic has no options over unissued shares as at 19 October 2017.

Share Price Performance

5.19 The figure below sets out a summary of Digimatic's closing share price and volume of Digimatic Shares traded in the 12-month period to 6 October 2017, prior to the announcement of the Proposed Transaction. This assessment only reflects trading prior to the announcement in order to avoid the influence of any price movement that may have occurred as a result of the announcement. We note that the announcements made by Digimatic during the 12-month period below did not have a material effect on the Digimatic share price.



Source: S&P Capital IQ

- 5.20 Over the 12-month trading period, Digimatic Shares traded at a high of A\$0.14 in October 2016 and a low of A\$0.04 in October 2017. Trading volumes over this period were low and infrequent, particularly in the five months immediately prior to the announcement of the Proposed Transaction, where the Company's Share price exhibited a steady downwards trend from A\$0.09 in May 2017 to A\$0.04 in October 2017.
- 5.21 The highest single day of trading occurred on 30 March 2017 (the date that the Company disposed of its wholly owned subsidiary, Digimatic Solutions Pte Ltd), where 2,454,000 shares were traded. This was followed by a significant drop in the Share price of A\$0.04 in the following 2-week period. Subsequent to this, for the next approximately 4 months, the Company's Shares were very thinly traded, and few non-routine announcements were made by the Company.
- 5.22 We have considered the volume weighted average price ("VWAP") of Digimatic Shares over a range of periods ending 6 October 2017, prior to the announcement of the Proposed Transaction. An analysis of the trading volume of Digimatic's Shares (pre-consolidation) for 1, 10, 30, 60 and 90 trading day periods prior to 6 October 2017 is set out in the table below:

Share Price Performance (continued)
Traded volumes of Digimatic Shares to 6 October 2017

| | 1 Day | 5 Day | 10 Day | 30 Day | 60 Day | 90 Day |
|-----------------------------------|-------|-------|--------|--------|--------|--------|
| VWAP A\$ | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 |
| Total Volume (000's) | 125 | 348 | 463 | 1,043 | 5,778 | 7,022 |
| Total Volume as % of Total Shares | 0.02 | 0.05 | 0.07 | 0.16 | 0.88 | 1.07 |
| Low Price A\$ | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 |
| High Price A\$ | 0.04 | 0.04 | 0.04 | 0.04 | 0.05 | 0.08 |

Source: S&P Capital IQ, Moore Stephens analysis

- 5.23 The table above shows the current VWAP of Digimatic shares pre-consolidation. Just 0.88% of the Company's Shares were traded in the 60 trading days to 6 October 2017. This is indicative of an illiquid stock.

6. PROFILE OF 8 VIC

Background

- 6.1 8VIC Global Pte Limited (“8VIC”), formerly 8I Education (S) Pte Ltd, is a 95% owned subsidiary of the Singaporean based group 8I Holdings Limited (“8IH”). 8IH is listed on the Australian Securities Exchange (ASX code: 8IH). 8VIC is the education segment of the 8IH Group.

Operations

- 6.2 8VIC operates multiple educational programs, with the two main programs being the Millionaire Investor Program and Value Investing Bootcamp in which 8VIC provides education and training on investment strategy. 8VIC conducts its programmes predominantly in Singapore and Malaysia but has now also expanded to other countries across the Asia Pacific region. At the time of this report, 8VIC management are looking at setting up a local presence in Taiwan, Thailand and Australia. In addition to educational programmes, 8VIC also offers its clients monthly tutorials and networking sessions.
- 6.3 8VIC acquired its subsidiary Financial Joy Institute Pte Ltd (“FJI”) on 29 June 2016 (51% acquired) and 31 March 2017 (remaining 49% acquired). FJI provides financial and investment education through its main brand “Value Investing College”. FJI’s signature programme is the Value Investing Bootcamp which is currently being delivered in Singapore, Malaysia, Taiwan, Thailand, Myanmar, India and Vietnam. During the year ended 31 March 2017, FJI changed its name to 8VIC Singapore Pte Ltd.

Courses, Programs and Workshops

Millionaire Investor Program (MIP)

- 6.4 Founded in 2008, the MIP is a three day course that focusses on value investing philosophies and techniques. Originating in Singapore, the program has now been rolled out internationally, with courses being run in Singapore, Malaysia, Taiwan, Myanmar, India, Vietnam, Dubai and China. The number of participants in MIP has grown significantly since its inception with a cumulative total of 5,424 people attending by 31 March 2017, with the number of participants growing 24% during the year ended 31 March 2017.

Value Growth Workshop (VGW)

- 6.5 VGW is a one day intensive workshop aimed at investment beginners and designed to equip participants with basic skills in value investing. The number of participants in the VGW has grown from 865 during the year ended 31 March 2015 to 4,759 during the year ended 31 March 2017.

Investopia

- 6.6 Investopia is a one day annual conference showcasing the latest investment strategies. By the end of the year ended 31 March 2018 the conference is expected to have been held in Malaysia, Singapore, Thailand, Taiwan and Hong Kong.

Real Estate Investment Trusts (REITS) Program

- 6.7 The REITS programme is a two day course designed to educate the participant in REITS investments. The number of participants in the REITS Program has grown from 121 during the year ended 31 March 2012 to 1,246 during the year ended 31 March 2017.

Value Investing Bootcamp (VIB)

- 6.8 FJI’s signature programme is the VIB which is currently being delivered in Singapore, Malaysia, Taiwan, Thailand, Myanmar, India and Vietnam. This three day intensive course has seen significant growth in numbers in the past two years with the number of attendees increasing from 1,034 attendees during the year ended 31 March 2016 to 2,497 during the year ended 31 March 2017.

Courses, Programs and Workshops (continued)

Options Mastery Program (OPM)

- 6.9 OPM is a three day course and educates students on 3 option strategies to generate income. 113 students enrolled in its first year.
- 6.10 8VIC has developed a “community” or “database” of thousands of previous and future students within which to network, share stories and advice and ultimately cross and up sell their courses, workshops and programs to. 8VIC aims to generate a high level of student engagement within this community which is designed to encourage students to participate in further programs, and ultimately lead to student retention and recurring revenue.

Board of Directors

- 6.11 The current Board of Directors are:

| Name | Title | Experience |
|--------------------|-------------------------------|---|
| Ken Chee Kuan Tat | Chairman & Executive Director | Mr Chee is the co-founder of 8IH and is based in Singapore. He is an experienced marketing executive and entrepreneur, and has a Diploma in Banking and Financial Services, and a Bachelor’s Degree in Business Administration. Mr Chee graduated from Columbia Business School in New York with an Executive Program in Value Investing and was awarded the Spirit of Enterprise Honouree Award in 2015 by the President of Singapore for outstanding business results. He is also a Young Presidents’ Organisation Member within the Singapore Chapter. |
| Clive Tan Che Koon | Executive Director | Mr Tan is the co-founder of 8IH and is based in Singapore. He holds an Honours Degree from the Nanyang Technological University in Mechanical and Production Engineering and a Post-Graduate Diploma in Education from the National Institute of Education. Mr Tan is also a Non-Executive Director of Digimatic Group Limited. |
| Chay Yiowmin | Non-Executive Director | Mr Chay holds a Master of Business and a Master of Business Administration, and is a practicing member of the ISCA, a member of the Institute of Chartered Accountants of England and Wales (ICAEW), and a Certified Finance and Treasury Professional (CFTP) of the Finance and Treasury Association (FTA), and a Chartered Valuer and Appraiser of IVAS. Mr Chay heads BDO Singapore’s Corporate Finance division. |
| Charles Mac | Non-Executive Director | Mr Mac has more than 18 years’ experience in the SAP IT industry, dealing with multinational companies in the Asia Pacific region. He has held various leadership roles in large, multinational companies. He is an Australian citizen and holds a Bachelor of Computing. Mr Mac currently serves as a Non-Executive Director on the Board of ASX listed Ennox Group Limited. |

The Historical Consolidated Financial Information

- 6.12 The information below provides a summary of the financial information of 8VIC for the years ended 31 March 2017, 31 March 2016 and 31 March 2015 extracted from the audited financial statements of 8IH. The financial information for 8VIC has not been audited on a stand-alone basis.
- 6.13 The current auditor of 8IH, PricewaterhouseCoopers LLP, issued an unqualified opinion on the consolidated financial statements of 8IH for the year ended 31 March 2017.

The Historical Consolidated Financial Information (continued)

- 6.14 The predecessor auditor of 8IH, Kong, Lim & Partners LLP, issued an unqualified opinion on the consolidated financial statements of 8IH for the years ended 31 March 2016 and 31 March 2015.
- 6.15 The table below sets out the Consolidated Statement of Financial Performance of 8VIC for the years ended 31 March 2017, 31 March 2016 and 31 March 2015.

| Consolidated Statement of Financial Position | Ref | 31 March 2017 S\$'000 | 31 March 2016 S\$'000 | 31 March 2015 S\$'000 |
|--|-----|--------------------------|--------------------------|--------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | | 4,207 | 5,864 | 2,920 |
| Trade and other receivables | i | 2,131 | 1,149 | 1,013 |
| Listed investment securities | | 163 | 3 | - |
| Income tax asset | iii | 2 | - | - |
| | | 6,503 | 7,016 | 3,933 |
| Non-current assets | | | | |
| Plant and equipment | | 575 | 420 | 59 |
| Deferred income tax asset | | 201 | 7 | - |
| Intangible assets | ii | 1,554 | - | - |
| | | 2,330 | 427 | 59 |
| Total assets | | 8,833 | 7,443 | 3,992 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 869 | 510 | 982 |
| Finance lease liabilities | | 16 | 16 | - |
| Income tax liabilities | | - | 374 | 63 |
| Unearned revenue | iv | 2,882 | 2,704 | 2,081 |
| | | 3,767 | 3,604 | 3,126 |
| Non-current liabilities | | | | |
| Finance lease liabilities | | 51 | 73 | - |
| Deferred income tax liabilities | | 4 | 10 | 1 |
| Unearned revenue | iv | 538 | 827 | 293 |
| | | 593 | 910 | 295 |
| Total liabilities | | 4,360 | 4,514 | 3,421 |
| NET ASSETS | | 4,473 | 2,929 | 571 |
| EQUITY | | | | |
| Share capital | | 4,548 | 2,574 | 2,574 |
| Other reserves | | (4,540) | (2,577) | (2,573) |
| Retained profits | | 4,465 | 2,932 | 554 |
| | | 4,473 | 2,929 | 555 |
| Non-controlling interests | | - | - | 16 |
| TOTAL EQUITY | | 4,473 | 2,930 | 571 |

Source: Unaudited financial information for 8VIC for the years ended 31 March 2015, 2016 and 2017 extracted from the audited financial information for 8IH for the years ended 31 March 2015, 2016 and 2017.

The Historical Consolidated Financial Information (continued)

- 6.16 We have not undertaken a review of 8VICs unaudited financial statements in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information.
- 6.17 We note the following in relation to 8VICs recent financial position:
- Trade and other receivables increased from S\$1.2m as at 31 March 2016 to S\$2.1m as at 31 March 2017. The increase is due to 8VIC providing monthly payment plans for students, ranging between 6 and 36 month repayment periods.
 - The intangible asset relates to goodwill arising on the acquisition of FJI on 29 June 2016.
 - The income tax asset related to income tax overpaid as at 31 March 2017. The 8VIC group benefited from tax losses in other companies included within the 8IH tax consolidation group, this explains why the Company did not incur a tax expense for the year ended 31 March 2017.
 - Unearned revenue relates to income received from students in advance of the course date.
- 6.18 The table below sets out the Consolidated Statement of Profit and Loss and Other Comprehensive Income of 8VIC for the years ended 31 March 2017, 31 March 2016 and 31 March 2015, adjusted as if 8VIC had owned FJI for the entire period.

| Consolidated Statement of Profit or Loss and Other Comprehensive Income | Ref | 31 March 2017 S\$'000 | 31 March 2016 S\$'000 | 31 March 2015 S\$'000 |
|---|-----|--------------------------|--------------------------|--------------------------|
| Revenue | | | | |
| Revenue (excl FJI) | i | 7,941 | 6,868 | 4,881 |
| Revenue (FJI) | i | 4,070 | 1,014 | 463 |
| Other income (excl FJI) | | 116 | 83 | 18 |
| Other income (FJI) | | 59 | 22 | - |
| Total Revenue | | 12,186 | 7,988 | 5,362 |
| Expenses | | | | |
| Expenses (excl FJI) | ii | (5,329) | (4,187) | (4,113) |
| Expenses (FJI) | ii | (3,030) | (987) | (378) |
| Total Expenses | | (8,358) | (5,174) | 4,491 |
| Profit before tax | iii | 3,828 | 2,813 | 871 |
| Income tax credit/(expense) (incl FJI) | iv | 264 | (472) | (74) |
| Profit after tax | | 4,092 | 2,341 | 797 |
| Other comprehensive income: | | | | |
| Gains/(losses) | | (30) | 1 | (2) |
| Total comprehensive income for the year | | 4,021 | 2,342 | 795 |

We note the following in relation to 8VIC's recent financial performance:

- Total 8VIC Group revenue (incl FJI) increased over 41% between the year ended 31 March 2016 and the year ended 31 March 2017. The strong growth in revenue was largely due to the growth in FJI revenue which saw an increase of over 300% between the year ended 31 March 2016 and 31 March 2017. 8VIC revenue, excluding streams derived from the FJI business grew 3.5% over the same period.

The Historical Consolidated Financial Information (continued)

- ii. Total 8VIC expenses increased over 50% (\$\$2.7m) between the years ended 31 March 2016 and 31 March 2017. Of this increase, \$\$2m of expenses related to the FJI business, where expenses increased 207% over the same period. This increase is reasonable given the substantial growth in revenue over the same period. Increased costs in 8VIC, excluding the FJI business, included significant additional staffing costs as the headcount was increased to prepare for growth and expansion.
- iii. Overall 8VIC profits increased 24% between the years ended 31 March 2016 and 31 March 2017. The net profit before tax margin was 31.6% for the year ended 31 March 2017 and 35.9% for the year ended 31 March 2016.
- iv. The income tax credit during the year ended 31 March 2017 arose from 8VIC benefiting from the tax losses in other companies included within the 8IH tax consolidation group. Should the Proposed Transaction proceed 8VIC will no longer be entitled to these tax benefits.

Capital Structure

- 6.19 At 19 October 2017, 8VIC has 2,148,421 Ordinary Shares on issue. Details of the shareholders are as follows:

| | Shareholder | Number of Ordinary Shares | % of Total Shares |
|---|---------------------|---------------------------|-------------------|
| 1 | 8I Holdings Limited | 2,041,000 | 95 |
| 2 | Glorymont Limited | 107,421 | 5 |

Source: 8VIC share register

7. INDUSTRY ANALYSIS

- 7.1 8VIC operates in a niche segment of the education sector, being the provision of short term courses aimed at adults that are interested in learning about value investing techniques. The courses provided are one off in nature, and do not result in any formal qualifications. They are privately funded by the individual, and are often taken in order to upskill, or for personal development.
- 7.2 The global financial crisis of 2007-2009 changed the financial landscape, with the need for financial literacy and education becoming the forefront of global attention. Since this change in financial outlook, the Asia Pacific region has seen a strong growth within financial education and literacy.
- 7.3 Demand for these courses is vulnerable to economic conditions. The target student is generally someone with a high level of disposable income. This therefore exposes the market to potentially volatile revenue in periods of poor economic outlook.
- 7.4 There are low barriers to entry as the courses can be held in different locations, with different tutors. Whilst it takes some capital investment to set up the course content, the incremental cost of delivering the course each time is relatively small.
- 7.5 The industry is diverse with a wide range of operators providing various different products that are of different qualities and content. There is therefore a moderate level of competition with entities competing based on reputation and expertise. Given the lack of formal accreditation of these courses, reputation is often based on word of mouth.

Asia Pacific Region

- 7.6 8VIC operates out of the Southeast Asia with a focus to move into the Asia Pacific region as a whole. The Southeast Asian region has benefited from steady increases in household income over the past 20 years¹ Household discretionary income is forecast to continue to grow², in turn encouraging growth in demand for higher education courses in the future. Rising affluence contributes significantly to increasing demand for all levels of education.
- 7.7 The Association of Southeast Asian Nations ("ASEAN") has experienced steady growth, with this momentum expected to continue in to 2018 with expected annual GDP growth expected to be 4.9% for the 2017 year³. This surpasses the global average growth rate of 2.44%⁴.

¹ http://cdn.ey.com/parthenon/pdf/perspectives/Parthenon-EY_SE-Asia_Paper_final_092016_singles.pdf

² <https://www.austrade.gov.au/ArticleDocuments/6722/DAE%20EduWorld%20Austrade%20Report.pdf.aspx>

³ <https://www.focus-economics.com/regions/asean>

⁴ <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2016&locations=1W&start=2016&view=bar>

8. VALUATION APPROACH

Definition of Value

- 8.1 RG 111 states that a transaction is fair if the value of the consideration is greater than the value of the securities being acquired. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Valuation Approach Adopted

- 8.2 There are a number of methodologies which can be used to value a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market approach method (Comparable market transactions)

- 8.3 A summary of each of these methodologies is outlined in Appendix B.

Value of a Digimatic Share prior to the Proposed Transaction (control basis)

- 8.4 In assessing the value of a Digimatic share prior to the Proposed Transaction we have utilised the net assets on a going concern basis as our primary approach. We note that the net assets valuation is inclusive of a premium for control. We have considered all other valuation methodologies but, in our opinion, no other methodology is appropriate. We set out our reasoning below:

- As Digimatic's shares are listed on the ASX, there is a regulated and observable market for them, however, consideration must be paid to their liquidity in order to be able to rely on the QMP method. Our analysis in section 5 shows that the Digimatic Shares are illiquid. As such, it is not considered appropriate to use the QMP valuation methodology.
- Given the start-up nature of Digimatic, the Directors and Management of Digimatic are not able to reliably forecast the cashflows of the Company, to a reasonable basis, as such, we do not consider the DCF methodology to be appropriate.
- As above, given the start-up nature of the Company, and the lack of history of profitable trading to support it, we do not consider the FME valuation method to be appropriate. However, we note that Digimatic has included goodwill in its balance sheet in relation to the DMM business. In order to assess the reasonableness of the goodwill balance, we reviewed the earnings generated by DMM. As such, the goodwill on the balance sheet could be considered reasonable on the basis of the earnings generated by DMM.

Value of 8VIC (minority basis)

- 8.5 In assessing the value of 8VIC we have selected capitalisation of FME as our primary methodology.

- 8.6 Our valuation methodology was selected on the following basis:

- 8VIC has a history of profitable earnings;
- There is an adequate number of publicly listed companies with operations sufficiently similar to 8VIC to provide meaningful analysis;
- In the absence of reliable cash flow forecasts, FME is a reasonable proxy for operating cash flows.

Valuation Approach Adopted (continued)*Value of 8VIC (minority basis) (continued)*

- 8.7 Our valuation of 8VIC has been performed on a minority basis.
- 8.8 We have considered all other methodologies and their applicability to the business of 8VIC as follows:
- The NAV methodology is not appropriate for a services business, such as 8VIC, as the value of the business is not derived from the value of its tangible assets. The net asset value of 8VIC was S\$4.6m as at 31 March 2017 and S\$1.4m as at 30 September 2017. This is significantly lower than the value of 8VIC assessed in section 10.
 - We do not consider that the DCF basis of valuation is appropriate as the Directors and Management of 8VIC are not able to reliably and accurately forecast the future cash flows of the business given the levels of growth expected by 8VIC management. However, we have considered the reasonableness of the discount rate implied by our FME valuation as a cross check to our FME valuation. This analysis is considered in section 10.36.
 - 8VIC is a private company (95% owned subsidiary of 8I Holdings Limited) and as such 8VIC's shares are not traded on a stand-alone basis. However, we have reviewed the share price of 8IH in section 10.39 below.

9. VALUATION OF DIGIMATIC PRIOR TO THE PROPOSED TRANSACTION

- 9.1 As stated at paragraph 8.4 we have assessed the value of a Digimatic share prior to the Proposed Transaction on a net assets on a going concern basis.

Net Asset Valuation of Digimatic on a Going Concern Basis

- 9.2 We have assessed the value of a Digimatic Share on a control basis to be between S\$0.016 pre consolidated (S\$0.798 post consolidated) and S\$0.023 pre consolidated (S\$1.175 post consolidated) per share based on the net assets on a going concern method, as summarised in the table below.

| Consolidated Statement of Financial Position | | As at 31 March 2017 | | |
|---|------|------------------------------|------------------------------|------------------------------|
| | | Actual S\$'000 | Low Value S\$'000 | High Value S\$'000 |
| Ref | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 9.4 | 11,613 | 11,613 | 11,613 |
| Trade and other receivables | 9.5 | 1,015 | 1,015 | 1,015 |
| Prepayments | | 150 | 150 | 150 |
| TOTAL CURRENT ASSETS | | 12,778 | 12,778 | 12,778 |
| NON-CURRENT ASSETS | | | | |
| Property, Plant & Equipment | | 451 | 451 | 451 |
| Intangible assets | 9.6 | 2,224 | - | 2,224 |
| Loan receivable | 9.9 | 2,600 | - | 2,600 |
| Other investments | 9.10 | 100 | - | 100 |
| TOTAL NON-CURRENT ASSETS | | 5,375 | 451 | 5,375 |
| TOTAL ASSETS | | 18,153 | 13,229 | 18,153 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | | 1,590 | 1,590 | 1,590 |
| Unearned income | 9.11 | 1,006 | 1,006 | 1,006 |
| Provision for income tax | | 44 | 44 | 44 |
| TOTAL CURRENT LIABILITIES | | 2,639 | 2,639 | 2,639 |
| NON-CURRENT LIABILITIES | | | | |
| Provision for reinstatement costs | | 65 | 65 | 65 |
| Deferred tax liability | | 92 | 92 | 92 |
| TOTAL NON-CURRENT LIABILITIES | | 157 | 157 | 157 |
| TOTAL LIABILITIES | | 2,796 | 2,796 | 2,796 |
| NET ASSETS | | 15,357 | 10,433 | 15,357 |
| Number of shares on issue at the date of this report pre consolidation/(post consolidation) | | 653,664,000 /(13,073,280) | 653,664,000 /(13,073,280) | 653,664,000 /(13,073,280) |
| Value per share pre consolidation/(post consolidation) (S\$) | | 0.023/(1.175) | 0.016/(0.798) | 0.023/(1.175) |

Net Asset Valuation of Digimatic on a Going Concern Basis (continued)

- 9.3 The Statement of Financial Position has been extracted from the audited financial statements of Digimatic at 31 March 2017. We have reviewed the management accounts of Digimatic for the period ended 30 September 2017 and note that there has not been a significant change in the net assets of Digimatic since 31 March 2017. The table above indicates the net asset value of a Digimatic share is between S\$0.016 pre consolidation (S\$0.80 post consolidation) and S\$0.023 pre consolidation (S\$1.18 post consolidation).
- 9.4 Cash and cash equivalents as at 31 March 2017 include fixed deposits of S\$8m. Much of the cash raised as part of the Initial Public Offering is still on hand.
- 9.5 Trade and other receivables include mainly trade receivables (S\$0.46m) and unbilled revenue (S\$0.4m) which are unsecured. These receivables are considered to be recoverable
- 9.6 The intangible assets of Digimatic as at 31 March 2017 largely consist of goodwill on the acquisition of subsidiaries, and the carrying value of to the “Wewe Media” brand.
- 9.7 The value of goodwill as at 31 March 2017 is S\$1.6m, of which S\$1.4m is attributable to the Creatives segment, and S\$0.2m is attributable to the Media segment of the Digimatic Group. Given the early phase of the business, and lack of historical profitability of Digimatic, we are not able to rely on cash flow projections and growth forecasts prepared by management. As such we have not been able to adequately assess the recoverable amount of goodwill and have therefore considered it appropriate to include a ‘low’ value for goodwill of S\$nil. However, we note that DMM is currently profitable, and the expectations are that profitability will continue into the future. While we haven’t relied on the earnings as a standalone valuation, the profitability of the DMM business provides support that there is value in the goodwill in the balance sheet. Therefore, we have retained the value of goodwill in our ‘high’ valuation.
- 9.8 The Wewe brand carrying value as at 31 March 2017 is S\$0.4m. Similarly, to goodwill above, we have not been able to perform a reliable impairment assessment of this asset, as such we have included a range of values for the brand asset between S\$nil and S\$0.4m.
- 9.9 As at 31 March 2017, the Company had a loan receivable from a related party of S\$2.6m as a result of the disposal of their subsidiary, Digimatic Solutions Pte Ltd (“DS”). The loan is unsecured and matures on 31 March 2022. The related party has the option to repay the loan in either cash or shares in DS. Given the start-up nature of DS, and the lack of profitable earnings of the business, we are not able to determine whether this loan will be recoverable on maturity, or what the value of the shares in DS will be at the time of repayment. As such we have considered it appropriate to include a range of values for the loan between S\$nil and S\$2.6m.
- 9.10 Other investments consist of unquoted shares. As these shares are not able to be traded in an open market we are not able to ascertain their current fair value with any certainty, therefore we considered it appropriate to include a range of values for this investment between S\$nil and S\$100k.
- 9.11 Unearned income relates to income received in advance for services not yet provided for.

Control Premium

- 9.12 Whilst 8VIC may not obtain 100% of Digimatic, RG 111 states that in a control transaction, the expert should calculate the value of a target’s shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer’s practical level of control when considering reasonableness. Reasonableness has been considered in Section 12.
- 9.13 The net asset value method implies a premium for control has already been factored into the value. Therefore, our calculation of the fair market value of a Digimatic share has been prepared on a control basis.

Valuation summary and conclusion

- 9.14 In our opinion, we consider the net assets on a going concern basis methodology provides the most reliable indicator of the Fair Value of a Digimatic Share.
- 9.15 Our assessed value of an ordinary Digimatic Share on a control basis prior to the Proposed Transaction, as calculated using the net assets on a going concern basis methodology noted above, is between S\$0.016 pre consolidation (S\$0.798 post consolidation) and S\$0.023 pre consolidation (S\$1.175 post consolidation).

Value of Digimatic shares to be issued Vendors of 8VIC

| | Low | High |
|---|--------------------|--------------------|
| Assessed Fair Value per share of Digimatic shares prior to the Proposed Transaction on a control basis pre consolidation/(post consolidation) | S\$0.016/(S\$0.80) | S\$0.023/(S\$1.18) |

- 9.16 Whilst we have provided a range of values, we consider there is a risk to the recoverability of goodwill and loans receivable included in the balance sheet of Digimatic. As such, in our opinion, our preferred value for Digimatic lies at the lower end of the valuation range above.
- 9.17 As stated in section 8, we considered the QMP valuation methodology as a secondary method of valuing Digimatic, however given the illiquid nature of Digimatic shares this method was not considered to be appropriate. The VWAP noted in paragraph 5.22 indicated a value of A\$0.04 based on 1-30 day VWAP values pre-consolidation of capital. The consolidation of capital will involve the conversion of every 50 shares in Digimatic into 1 share. The pre-consolidation value of a Digimatic Share prior to the Proposed Transaction, using the same valuation method as above, would be between S\$0.016 and S\$0.024 (translates to between A\$0.015 and A\$0.023 using the exchange rate S\$1:A\$0.94 on 17 October 2017). There appears to be no observable explanation to support the higher market value of a Digimatic share (other than a lack of liquidity), which is considerably higher than the value arrived at in our NAV method above, therefore we have not given any further consideration to QMP methodology.

10. VALUATION OF 8VIC

- 10.1 For our primary valuation of 8VIC we have adopted the capitalisation of future maintainable earnings ("FME") methodology.

Capitalisation of future maintainable earnings (primary methodology)

- 10.2 We have assessed the enterprise value of 8VIC on a control basis to be in the range of approximately S\$24m to S\$38m based on the capitalisation of FME methodology, as summarised in the table below.

Assessed value of 8VIC on a control basis

| | Ref | Low S\$'000 | High S\$'000 |
|--|-------|----------------|-----------------|
| Assessed EBITDA | 10.5 | 4,000 | 4,000 |
| Assessed EBITDA multiple | 10.12 | 6.0 | 9.5 |
| Enterprise value on a control basis | | 24,000 | 38,000 |

Source: Moore Stephens analysis

- 10.3 The capitalisation of earnings methodology estimates the value of the equity of a company by capitalising the future maintainable earnings of the underlying business at an appropriate multiple, which reflects the underlying risk profile and growth prospects of the business applying a premium for control where necessary, adding the value of any surplus or non-operating assets (or deducting any excess or non-operating liabilities) and deducting net debt (or adding net cash). Accordingly, valuing 8VIC using the capitalisation of maintainable earnings methodology requires the determination of the following variables:

- future maintainable earnings;
- an appropriate capitalisation multiple;
- an appropriate premium for control;
- the current level of net debt or net cash; and
- the value of surplus assets or liabilities.

- 10.4 Our considerations with regard to each of these factors is presented below:

Future maintainable earnings

- 10.5 Our calculation of future maintainable earnings is based on 8VIC's future maintainable earnings before interest, tax, depreciation and amortisation (EBITDA). We have used future maintainable EBITDA as it allows 8VIC's earnings and therefore appropriate capitalisation rates to be compared to other companies as:

- the EBITDA calculation is unaffected by capital structure (level of gearing);
- the EBITDA calculation is not impacted by tax structure or different income tax rates; and
- EBITDA is a fair representation of the actual cash that flows through the company.

- 10.6 In assessing future maintainable earnings, we have had regard to the following financial results of 8VIC:

- Financial information for 8VIC extracted from the audited financial statements of 8I Holdings Limited (the ultimate parent company of 8VIC) for the years ended 31 March 2015, 2016 and 2017. The financial information of 8VIC has not been audited on a standalone basis;
- Unaudited financial information for 8VIC's subsidiary Financial Joy Management Pte Limited for the periods ended 30 November 2014, 31 December 2015, 31 March 2016 and 31 March 2017;
- Unaudited year to date management accounts to 30 September 2017 for 8VIC (representing the six months then ended); and
- The 8VIC earnings forecast for the year ended 31 March 2018.

Future maintainable earnings (continued)

10.7 The table below shows a summary of the financial information of 8VIC for the years ended 31 March 2016 and 2017.

Financial information of 8VIC

| | Year ended 31 March 2017 S\$'000 | Year ended 31 March 2016 S\$'000 |
|---|--|--|
| Adjusted EBITDA ¹ | 4,053 | 2,891 |
| Assessed Future Maintainable Earnings ("FME") | 4,000 | |

Source: Moore Stephens analysis

¹ Adjusted for the timing of the acquisition of FJI (see paragraph 10.10 below)

10.8 The unaudited financial information of 8VIC for the year ended 31 March 2017, assuming that 8VIC acquired FJI at the start of the financial year, shows that 8VIC generated an EBITDA of S\$4.1m.

10.9 We note that these figures have been provided on an aggregate basis and do not include any synergistic benefits that arise from the Proposed Transaction.

10.10 We have made the following normalisation adjustment to the EBITDA for 8VIC:

- 8VIC acquired the subsidiary FJI on 29 June 2016, as such the results for FJI were consolidated into the financial statements of 8VIC from this date, being approximately 9 months of the year ended 31 March 2017. For the purposes of the FME calculation we have adjusted the EBITDA for the year ended 31 March 2017 to assume that FJI was acquired on 1 April 2015, and therefore have incorporated the results of FJI for the full years ended 31 March 2017 and 31 March 2016.

10.11 On the basis of our review of the financial information above and from our discussions with management, we consider the future maintainable EBITDA of 8VIC to be in the region of S\$4m.

Assessment of Capitalisation Multiple

10.12 In selecting an appropriate capitalisation multiple to value 8VIC we have considered the trading multiples of equities of listed companies based on the following criteria:

- Exposure to education and training in the Asia/Pacific region;
- Significant exposure to after school or extra curricula education; and
- Market capitalisation below S\$500m.

10.13 We have also observed, where available, EBITDA multiples achieved through the sale of education businesses in the Asia/Pacific region.

Comparable trading company multiples

10.14 The table below sets out a summary of the historic and forecast EBITDA multiples of entities listed on the ASX whose operations and activities are comparable to those of 8VIC. A brief description of each of the comparable companies is set out at Appendix C.

Summary of comparable company trading multiples

| Company Name | Ticker | Market Capitalisation (\$) | Enterprise Value (\$) | LTM EBITDA (\$) | FY18 EBITDA (\$) | LTM EBITDA Multiple (x) | FY18 EBITDA Multiple (x) |
|---|----------------|----------------------------|-----------------------|-----------------|------------------|-------------------------|--------------------------|
| Meiko Network Japan Co., Ltd. | TSE:4668 | 422.9 | 324.9 | 45.0 | 42.2 | 8.2x | 7.7x |
| China Distance Education Holdings Limited | NYSE:DL | 374.3 | 347.5 | 40.9 | 0.0 | 8.7x | N/A |
| SEG International Bhd | KLSE:SEG | 261.5 | 254.3 | 16.0 | 0.0 | 15.9x | N/A |
| Aptech Limited | BSE:532475 | 259.1 | 249.1 | 6.1 | 8.1 | 42.1x | 30.0x |
| Multicampus Corporation | KOSDAQ:A067280 | 232.5 | 191.1 | 27.4 | 0.0 | 7.0x | N/A |
| CMS Education Co., Ltd. | KOSDAQ:A225330 | 205.0 | 196.7 | 16.9 | 22.1 | 11.7x | 9.7x |
| Waseda Academy Co., Ltd. | TSE:4718 | 171.1 | 155.1 | 21.9 | 24.5 | 7.2x | 5.9x |
| JLS Co.,Ltd. | KOSDAQ:A040420 | 134.0 | 133.5 | 15.1 | 18.2 | 8.8x | 7.7x |
| ReTech Technology Co., Limited | ASX:RTE | 120.6 | 103.8 | 6.7 | 0.0 | 3.0x | N/A |
| Youji Corporation | JASDAQ:2152 | 142.9 | 74.8 | 10.9 | 0.0 | 6.8x | N/A |
| Digital Daesung Co., Ltd. | KOSDAQ:A068930 | 101.7 | 83.3 | 18.0 | 0.0 | 4.6x | N/A |
| CL Educate Limited | BSE:540403 | 98.7 | 64.7 | 6.6 | 0.0 | 10.0x | N/A |
| Kyoshin Co., Ltd. | TSE:4735 | 105.0 | 172.4 | 9.4 | 0.0 | 18.8x | N/A |
| Neungyule Education, Inc. | KOSDAQ:A053290 | 65.5 | 50.2 | 13.3 | 0.0 | 3.8x | N/A |
| TAC Co.,Ltd. | TSE:4319 | 61.6 | 79.5 | 11.6 | 0.0 | 6.9x | N/A |
| Career Point Limited | NSEI:CAREERP | 55.7 | 72.4 | 6.9 | 0.0 | 10.7x | N/A |
| MT Educare Limited | BSE:534312 | 50.5 | 77.0 | 10.0 | 0.0 | 7.9x | N/A |
| Johann Academic Preparatory Institute, Inc. | JASDAQ:4720 | 55.9 | 45.9 | 6.4 | 0.0 | 7.3x | N/A |
| Ichishin Holdings Co.,Ltd. | JASDAQ:4645 | 53.9 | 100.1 | 14.6 | 0.0 | 7.1x | N/A |
| RedHill Education Limited | ASX:RDH | 56.1 | 49.5 | 4.6 | 6.4 | 10.7x | 7.8x |
| Kip McGrath Education Centres Limited | ASX:KME | 26.4 | 21.9 | 2.4 | 0.0 | 9.1x | N/A |
| Average | | 145.5 | 135.6 | 14.8 | 5.8 | 10.3x | 11.5x |
| Median | | 105.0 | 100.1 | 11.6 | 0.0 | 8.2x | 7.7x |

Source: S&P Capital IQ, Moore Stephens analysis

10.15 Based on the table above, we consider a trading multiple of between 8.2 and 10.3 times to be an appropriate reflection of a multiple attributable to a business similar to 8VIC.

Adjustments to the comparable company trading multiples

Control premium

10.16 We note that the Share price of a listed company represents the market value of a non-controlling interest in that company and, as such, any earnings multiple derived from those share prices are consequently non-controlling multiples and they do not reflect a premium for control. In order to calculate the value of a controlling interest prior to adjusting for surplus assets/liabilities and net debt, we must apply a control premium to the enterprise value multiple.

Adjustments to the comparable company trading multiples (continued)

10.17 We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are effected by such factors as:

- Nature and magnitude of non-operating assets;
- Quality of management;
- Nature and magnitude of business opportunities/assets not currently being exploited;
- Degree and confidence in future synergies;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities; and
- The stage in the economic cycle.

10.18 A review of control premiums paid by acquirers of companies listed on the ASX in recent years indicates a range of premiums between 20% and 30% is reasonable. We believe that this reflects an appropriate rate of control premia to be applied in our valuation of 8VIC.

Business specific risk

10.19 Business specific risk is a subjective adjustment made to comparable company trading multiples in order to allow for the differences between the comparable companies used to arrive at a comparable multiple and the specific multiple applied to the target business being valued. When assessing any business specific risk adjustment, we have considered the following:

- 8VIC's revenue is lower than all of the comparable companies;
- 8VIC's EBITDA is at the lower end of the range of the comparable companies;
- 8VIC's EBITDA margin is at the upper end of the range of the comparable companies;
- 8 VIC's net profit is similar to the median net profit of the comparable companies;
- 8VIC's net assets are lower than all of the comparable companies;
- 8VIC has a focussed education topic, relying on finance based training delivered in short time periods and potentially one off. In addition, there are no formal qualifications that are derived following attendance.
- The majority of the comparable companies offer training that requires longer periods of interaction and focus on broader skills. The training is often focussed on improving school performance or employability.
- 8VIC has experienced strong growth over the last two years, whereas the majority of the comparable companies are established trading companies with a long track record.
- We have reviewed forecasts prepared by 8VIC for FY18. We note that the actual results to 30 September 2017 were behind forecast expectations by approximately 20%. 8VIC typically generates substantially more income in the second half of the financial year. Management of 8VIC are confident that they can achieve the forecasts provided to us. However, we consider that there is a greater risk to the forecast results for 8VIC than there would be for the comparable companies. This is because 8VIC has so far underperformed expected results which places greater emphasis and downside risk on the second six months of FY18 and 8VIC's capacity to continue to grow earnings.

10.20 Based on our analysis of business specific risk, we are of the opinion that the 8VIC business carries more risk than the comparable companies used in our analysis. We have arrived at this conclusion on the basis that, on balance, 8VIC is less diversified, is focussed on a niche training area and has a shorter track record than the comparable companies.

Adjustments to the comparable company trading multiples (continued)

10.21 We consider that it is reasonable to apply a business specific risk discount of between 30% and 40% to the comparable company multiple.

Conclusion on capitalisation multiple

10.22 Based on our analysis of comparable company multiples, we consider an appropriate controlling multiple for 8VIC to be in the range of 6.0 to 9.5 times. In assessing this range, we have considered inter-alia:

Assessed Multiples of 8VIC

| | Ref | Multiple Range | |
|--|-------|----------------|------------|
| | | Low | High |
| EBITDA multiple for comparable listed companies | 10.15 | 8.2 | 10.3 |
| Less: business specific discount (30% - 40%) | 10.22 | (3.3) | (3.1) |
| 8VIC EBITDA multiple (on a minority basis) | | 4.9 | 7.2 |
| Control premium (20% - 30%) | 10.19 | 1.0 | 2.2 |
| 8VIC EBITDA multiple (on a control basis) | | 6.0 | 9.5 |

Source: Moore Stephens analysis

Comparable transaction multiples

10.23 As a cross check to our calculation of the comparable trading multiples set out above, we have analysed recent comparable transactions. In selecting comparable transactions, we have reviewed transactions on the following basis:

- Transactions in the education sector;
- Business activities in the Asia Pacific region;
- Completed in the last two years; and
- Publicly available information where EBITDA multiples are greater than 0.

10.24 The table below summarises the publicly available information obtained as a result of our comparable transaction analysis (details of the companies below can be found in Appendix C):

Comparable Transactions

| Company Name | Percentage Acquired | Transaction Value (SGD) | Implied EBITDA Multiple | Target Co Revenue (LTM) (SGD) | Target Co EBITDA (LTM) (SGD) |
|--|---------------------|-------------------------|-------------------------|-------------------------------|------------------------------|
| Ichishin Holdings Co.,Ltd. (JASDAQ:4645) | 12.4% | 6.8 | 6.5x | 201.1 | 14.5 |
| Nord Anglia Education, Inc. | 33.2% | 1,606.6 | 24.8x | 1238.5 | 244.1 |
| Performance Education Group | 24.6% | 4.7 | 4.4x | 33.2 | 4.4 |
| Financial Joy Institute* | 51.0% | 2.0 | 8.0x | 1.5 | 0.5 |
| Financial Joy Institute* | 49.0% | 4.9 | 10.0x | 4.0 | 1.0 |

Source: Capital IQ, Moore Stephens analysis

*Non-public information obtained as a result of our review of the Proposed Transaction.

10.25 The table above indicates a wide range of multiples have been paid for companies in the education sector in the Asia Pacific region. We note that the significant multiple of 24.8x was included in a S\$1.6bn transaction of a company with 37,000 students in 43 institutions covering kindergarten to the end of secondary education and could be considered an outlier.

Comparable transaction multiples (continued)

10.26 We note that the other comparable transactions are considered to include companies of a similar size to 8VIC and are also focussed on education outside of the kindergarten to year 12 system. We note that Ichishin Holdings Co. Ltd is exposed to school age learning through cram schools and other supporting programs for school age children. Performance Education Group is an Australian based business focussed on providing niche support training to people completing higher education programs in accounting and IT. Although neither of these transactions reflected control transactions, they provide support for the low end of our multiple range derived in paragraph 10.15.

10.27 Financial Joy Institute ("FJI") transactions are direct reflections of the 8VIC business because they summarise the acquisition of FJI by 8VIC. FJI was acquired in two transactions on 29 June 2016 and 24 March 2017. The transactions had two different multiples for each stage of the acquisition. The first multiple applied by 8VIC was 8x, the second was 10x. We note that the multiple of 8x was applied in the transaction that resulted in 8VIC taking a controlling interest in FJI. At the time of the initial transaction, FJI had revenue of S\$1.5m and EBITDA of S\$0.5m. The second transaction resulted in 8VIC taking 100% control of FJI and was completed with an EBITDA multiple of 10x. At the time of the final transaction, the FJI business was generating revenue of S\$4m and EBITDA of S\$1.5m. As such, despite the first transaction being the control transaction, a higher multiple could have been justified on the second transaction on the basis 100% control was being obtained and that the business was operating with much higher revenue and profits.

The acquisition of FJI was completed on an arms' length basis but could reflect a market leader acquiring a competitor to retain and expand market share. As such, an 8x multiple could be reflective of a willing but not anxious buyer but a 10x multiple may reflect a more than willing buyer. In any case, the multiples paid by 8VIC to acquire FJI support our comparable trading multiples derived in paragraph 10.15.

Equity Value

10.28 In calculating the equity value of 8VIC we make the following adjustments to the Enterprise Value:

Equity Value of 8VIC on a Minority Basis

| | Ref | Low S\$'000 | High S\$'000 |
|--|-------|----------------------------|----------------------------|
| Enterprise value | 10.2 | 24,000 | 38,000 |
| Less surplus liabilities | 10.31 | (1,611) | (1,611) |
| Less debt | 10.33 | (395) | (395) |
| Equity Value on a control basis | | 21,994 | 35,994 |
| Less minority discount ¹ | | 23% | 17% |
| Equity value on a minority basis | | 16,935 | 29,875 |
| Number of Digimatic shares to be issued to 8VIC Vendors as consideration for 8VIC pre consolidation/(post consolidation) | | 1,525,216/(30,504) | 1,525,216/(30,504) |
| Assessed Fair Value of 8VIC per Digimatic Share issued as consideration to Vendors on a minority basis pre consolidation/(post consolidation) | | S\$0.011/(S\$0.555) | S\$0.020/(S\$0.979) |

Source: Moore Stephens analysis

¹ Being the inverse of the premium for control

10.29 We make the following comments in relation to the adjustments to derive equity value:

Surplus assets/liabilities

10.30 Surplus assets and liabilities are those assets and liabilities not required to sustain the adopted level of earnings. We have assessed that 8VIC has the following surplus assets and liabilities as at 30 September 2017:

Surplus assets and liabilities of 8VIC

| | Ref | As at 30 September 2017 S\$'000 |
|---|-------|---------------------------------------|
| Add cash balance | 10.31 | 1,658 |
| Less unearned income | 10.32 | (3,269) |
| Net surplus assets/(liabilities) | | (1,611) |

Source: Moore Stephens analysis

10.31 The cash balance of 8VIC as at 30 September 2017 is less than the value of deferred revenue at the same date indicating that 8VIC has a net working capital deficit. The net working capital deficit forms the net surplus liabilities adjustment.

Net Debt

10.32 As at 30 September 2017, 8VIC owed S\$395k to related parties, being other subsidiaries in the 8IH group. This amount has been included in our net debt adjustment. 8VIC does not have any other borrowings.

Valuation summary and conclusion

10.33 In our opinion, we consider the FME valuation methodology provides the most reliable indicator of the Fair Value of 8VIC.

10.34 Our assessed value of 8VIC on a minority basis, as calculated using the FME valuation methodology noted above, is between S\$0.011 pre consolidation (S\$0.555 post consolidation) and S\$0.020 pre consolidation (S\$0.979 post consolidation) per Digimatic share issued to 8VIC as consideration.

Valuation crosscheck

10.35 As stated in paragraph 8.8, we do not consider any other valuation methodologies to be appropriate for valuing 8VIC. However, we have enlisted the theory of a number of different methodologies in order to cross check the reasonableness of our FME valuation.

Implied discount rate

10.36 As stated in section 8, we do not consider that the DCF basis of valuation is appropriate as the Directors and Management of 8VIC are not able to forecast with reasonable basis, the future cash flows of the business given the levels of growth expected by 8VIC management. However, as a cross check to our primary valuation we have considered the reasonableness of the discount rate implied by our FME valuation as a cross check to our FME valuation.

10.37 The table below shows what the implied discount rate is for 8VIC had we used the DCF valuation method to value the net present value of the future cash flows of 8VIC. In this analysis, we have not performed a DCF valuation, instead we have assumed that the assessed EBITDA determined in paragraph 10.2 is a reasonable proxy for the perpetual annual cash flows of 8VIC, assuming nil growth.

Implied discount rate (continued)

Implied Discount Rate

| | Ref | Low | High |
|---|-------|--------|--------|
| Equity value of 8VIC on a control basis (S\$'000) | 10.28 | 22,000 | 36,000 |
| Implied discount rate | | 19% | 11% |

Source: Moore Stephens analysis

10.38 The implied discount rate of between 11 – 19% is considered reasonable after considering the following:

- The current risk free rate on long term government bonds;
- The weighted average cost of capital for the market;
- The risk profile of 8VIC; and
- The potential volatility of returns from 8VIC.

Based on our assessment above, the implied discount rate for 8VIC does not indicate that the FME valuation is unreasonable.

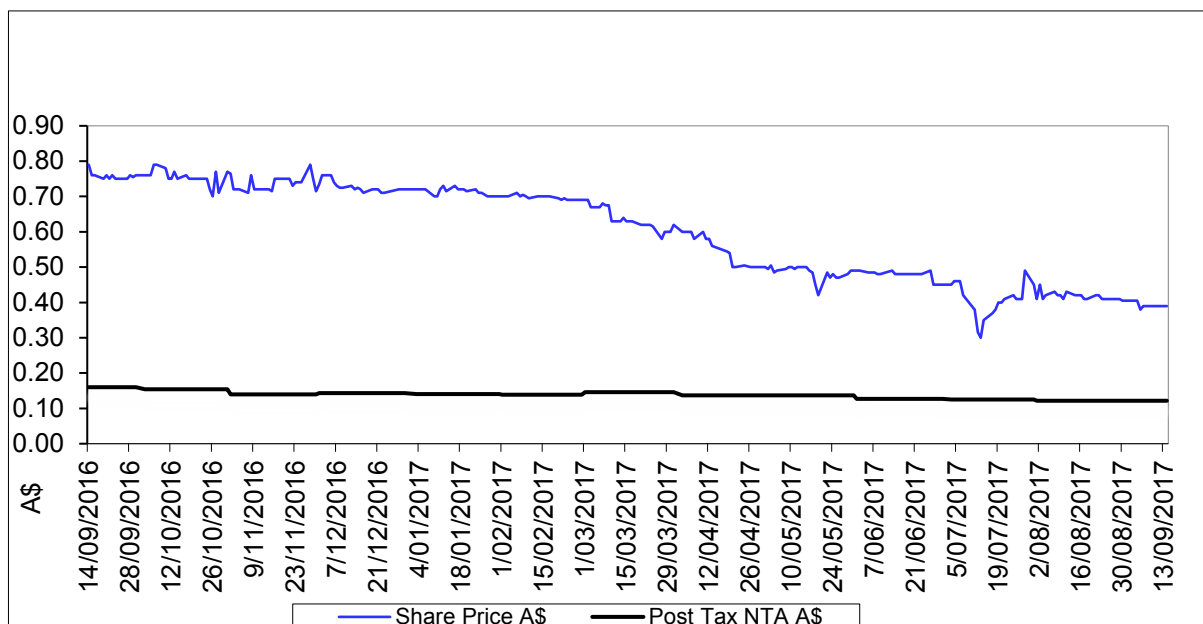
QMP crosscheck

10.39 As stated in section 8, we do not consider that the QMP basis of valuation is appropriate as 8VIC is a private company (95% owned subsidiary of 8I Holdings Limited), and as such, 8VIC's shares are not traded on a stand-alone basis. However, as a cross check to our primary valuation we have considered the reasonableness of the implied market capitalisation rate for 8VIC if we used the value of 8IH as a basis for the review.

10.40 8VIC represents the education segment of the overall 8IH operations. Of the total S\$28.9m revenue generated by the 8IH group for the year ended 31 March 2017, S\$10.7m originated from 8VIC, representing 37% of total revenue for the group. 8VIC contributed S\$3.4m of the total S\$11.7m profit before tax for the 8IH group for the same period, representing 29% of the profit before tax of the 8IH group.

10.41 The graph below shows the movement in the 8IH share price for the 12-month period to 6 October 2017. The share price has fallen from a high of A\$0.79 in September 2016 to a low of A\$0.38 in September 2017.

8IH share price and Net Tangible Asset backing



Source: S&P's Capital IQ

QMP crosscheck (continued)

- 10.42 At the start of the 12 month period there was a significant gap between the share price and the post tax Net Tangible Asset (“NTA”) value per share. There has been a long-term downwards trend of the share price, with only a relatively minor decline in the NTA over the same period. The gap between the share price of 8IH and the NTA value per share of 8IH could be considered to be attributable to the growth potential of the 8VIC business, being the only key part of 8IH that is not related to 8IH’s investment activities. Given that the earnings of 8VIC have been increasing over the period analysed above, yet the share price has fallen by over 50% over the same period, this assertion does not appear to hold true. As such, we do not consider that the share price of 8IH is a relevant cross check for our FME valuation.

11. IS THE PROPOSED TRANSACTION FAIR TO DIGIMATIC SHAREHOLDERS?

- 11.1 Our assessed values of Digimatic shares issued to the Vendors, and 8VIC, are summarised in the table and figure below.

Assessed values of a Digimatic share prior the Proposed Transaction and the value of 8VIC

| | Section | Low Value S\$ | High Value S\$ |
|---|---------|---------------|----------------|
| Assessed Fair Value of a Digimatic Share prior to the Proposed Transaction on a control basis pre consolidation/(post consolidation) | 9 | 0.016/(0.798) | 0.023/(1.175) |
| Assessed Fair Value of 8VIC per Digimatic Share issued as consideration to Vendors on a minority basis pre consolidation/(post consolidation) | 10 | 0.011/(0.555) | 0.020/(0.979) |

Source: Moore Stephens analysis

- 11.2 In the absence of any other relevant information, in our opinion, the Proposed Transaction is fair to the Non-Associated Shareholders of Digimatic as the valuations demonstrate overlap. Our opinion of fairness is dependent on our assessment of the value of a Digimatic share prior to the Proposed Transaction. Specifically, the high end of our valuation of a Digimatic share assumes goodwill associated with existing businesses of Digimatic and an unsecured loan receivable are recoverable in full. Whilst we consider it appropriate to include these values in our high valuation, there is a risk to the recoverability of each of these balances. Given the risks associated with these balances, the low end of the range of values for a Digimatic share is our preferred value. As such, there is considerable overlap in value and our preferred value is within the range of values attributable to 8VIC.
- 11.3 Where the valuations ranges do not overlap, the Proposed Transaction could be considered not fair. In circumstances where Non-Associated Shareholders consider the non-overlapping valuation ranges to be appropriate, they may conclude that the Proposed Transaction is not fair.

12. IS THE PROPOSED TRANSACTION REASONABLE?

12.1 RG111 establishes that a Proposed Transaction is reasonable if it is fair. If a Proposed Transaction is not fair it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of Digimatic if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

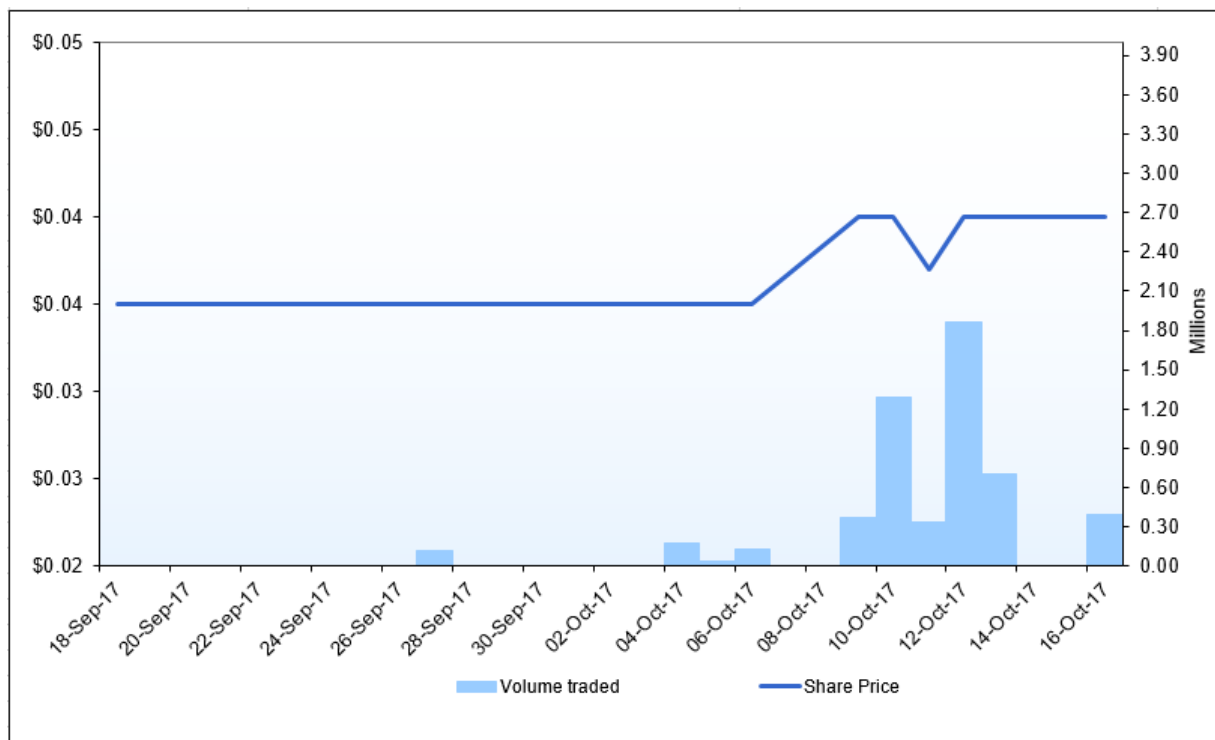
Future prospects of Digimatic if the Proposed Transaction does not proceed

12.2 If the Proposed Transaction does not proceed then the Company will endeavor to continue to grow its business organically and through acquisition of new assets or businesses in order to add value to shareholders. We note that the current business of Digimatic is not profitable and there is no indication of when the business will achieve profitability.

Trading in Digimatic shares following the announcement of the Proposed Transaction

12.3 The Company announced the Proposed Transaction on 9 October 2017. We have analysed the Digimatic share price immediately prior to, and post the announcement below. The graph below shows the share price and trading volumes of Digimatic for the 30 day period to 16 October 2017.

Digimatic share trading pre and post the announcement of the Proposed Transaction



Source: S&P's Capital IQ

12.4 Immediately prior to the announcement of the Proposed Transaction, the Company's shares were trading at A\$0.035. Following the announcement of the Proposed Transaction, Digimatic Shares traded at a high of A\$0.04. They dipped back to A\$0.037 on 11 October 2017 before increasing back up to A\$0.04. The increase in the Company's Share price following the announcement indicates a positive reaction in the market to the Proposed Transaction, which supports the reasonableness of the Proposed Transaction to Non- Associated Shareholders of the Company.

Stated Intentions of 8VIC Vendors in relation to the Proposed Transaction

12.5 8VIC Vendors have stated that:

- They have no current intention to make any significant changes to the existing business of the Company following completion of the Proposed Transaction;
- They have no current intentions to vary the employment arrangements of the current employees of the Company;
- They have no current intentions for any property to be transferred between the Company and the 8VIC Vendors or any person associated with the 8VIC Vendors;
- They have no current intention to redeploy the fixed assets of the Company; and
- They have no current intention to significantly change the financial or dividend distribution policies of the entity.

Advantages and Disadvantages

12.6 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage 1 – The Proposed Transaction is fair

The Proposed Transaction is considered to be fair

Advantage 2 – Profitability of 8VIC

The 8VIC business will bring profits to the combined group

Advantage 3 – Synergies from the integration of 8VIC and Digimatic

The Proposed Transaction will provide Digimatic with synergies including:

- Expected reduction in salary costs of approximately \$250k per annum
- Collaboration of 8VIC and Ace Profits Academy businesses to cross sell their services between customer databases, strengthen market dominance and add revenue growth potential
- Use of Digimatic media and marketing expertise to enhance and grow the 8VIC business

Advantage 4 – Growth potential

The complimentary nature of services provided by Digimatic and 8VIC mean that the combined group has greater revenue and profit growth potential.

Advantage 5 – Dividend potential

8VIC has a history of paying dividends. This may increase the likelihood of Digimatic shareholders receiving dividends in the future.

Advantage 6 – Diversification

The Proposed Transaction would help to diversify the revenue streams of Digimatic

Advantage 7 – EPS accretive

The transaction would be Earning per Share (“EPS”) accretive to Digimatic shareholders

Advantage 8 – Liquidity

The impact of potential dividends and profitability in the combined business may increase the liquidity of Digimatic shares

Advantages and Disadvantages (continued)

Disadvantages of approving the Proposed Transaction

Disadvantage 1 – Dilution of Shareholdings of Non-Associated Shareholders

In the event that the offer is successful, the issue of Consideration Shares to 8VIC vendors will have a dilutive effect on the voting interest of Non-Associated Shareholders of Digimatic, reducing their interest from 89.25% to approximately 26.77%.

Disadvantage 2 – Value of 8VIC is lower than QMP of Digimatic

The value of 8VIC is lower than the quoted market price value of a Digimatic share at the date of this report. Although we note that Digimatic's shares are very thinly traded and as such are considered to be illiquid. It may therefore be difficult for shareholders of Digimatic to realise the current quoted share price of the Company.

Disadvantage 3 – Niche operations

The 8VIC business operates in a niche training sector which may limit the opportunity for growth

Disadvantage 4 – No continuous learning requirement

With the type of training that 8VIC offers, there is no requirement for continuous learning and could be considered to be "one off" seminars and courses. The 8VIC business relies on ongoing new registrations and repeat registrations for new courses.

Disadvantage 5 – Loss of control

The Proposed Transaction would result in 8I Holdings Limited ("8IH"), the ultimate parent company of 8VIC, owning approximately 70% of Digimatic. Effectively 8IH will have control over Digimatic. Acting alone, 8IH would be able to pass general resolutions, block special and general resolutions and would have significantly influence over passing special resolutions.

Disadvantage 6 – 8VIC has a shortfall of unearned revenue

8VIC has unearned revenue of S\$3.3 million but only has cash of S\$1.6 million. This means that 8VIC may not have adequate funding to deliver training programs that have been prepaid. Based on 8VIC's profit margins of 33%, there could be a S\$0.5 million shortfall in funding. In addition, the recognition of unearned revenue as income when it is earned will not translate to receipt of cash.

Alternative Proposal

- 12.7 The Directors are not aware of any alternative proposal at the current time which might Proposed Transaction the Non-Associated Shareholders of Digimatic a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

- 12.8 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non- Associated Shareholders of Digimatic.
- 12.9 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

13. INDEPENDENCE

Moore Stephens Perth Corporate Services Pty Ltd is entitled to receive a fee of approximately \$30,000, excluding GST and reimbursement of out of pocket expenses. Except for this fee Moore Stephens Perth Corporate Services Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Prior to accepting this engagement Moore Stephens Perth Corporate Services Pty Ltd has considered its independence with respect to Digimatic and 8IH any of their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of Moore Stephens Perth Corporate Services Pty Ltd that it is independent of Digimatic and 8IH and their respective associates.

Moore Stephens Perth Corporate Services Pty Ltd and Moore Stephens Perth have not had at the date of this report any relationship which may impair their independence.

We have held discussions with management of Digimatic regarding the information contained in this report. We did not change the methodology used in our assessment as a result of discussions and our independence has not been impaired in any way.

14. QUALIFICATIONS

Moore Stephens Perth Corporate Services Pty Ltd is a professional practice company, wholly owned by the Perth practice of Moore Stephens, Chartered Accountants. The firm is part of the National and International network of Moore Stephens independent firms, and provides a wide range of professional accounting and business advisory services.

Moore Stephens Perth Corporate Services Pty Ltd holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.

The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director of Moore Stephens Perth Corporate Services Pty Ltd. Mr Gray has approximately 15 years' experience as a Chartered Accountant and has significant experience in the preparation of independent expert's reports, valuations and related advice.

At the date of this report neither Mr Gray nor any member or Director of Moore Stephens Perth Corporate Services Pty Ltd has any interest in the outcome of the Offer.

15. DISCLAIMERS AND CONSENTS

Moore Stephens Perth Corporate Services Pty Ltd has been requested to prepare this report, to be included in the Notice of Meeting which will be sent to Digimatic's shareholders.

Moore Stephens Perth Corporate Services Pty Ltd consents to this report being included in the Notice of Meeting to be sent to shareholders of Digimatic. This report or any reference thereto is not to be included in or attached to any other document, statement or letter without prior consent from Moore Stephens Perth Corporate Services Pty Ltd.

Moore Stephens Perth Corporate Services Pty Ltd has not conducted any form of audit or any verification of information provided to us and which we have relied upon in regard to Digimatic or 8IH, however we have no reason to believe that any of the information provided, is false or materially incorrect.

The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

Neither Moore Stephens Perth Corporate Services Pty Ltd nor Mr Pace take any responsibility for nor have they authorised or caused the issue of any part of this report for any third party other than the shareholders of Digimatic in the context of the scope and purpose defined in section 3 of this report.

With respect to taxation implications it is recommended that individual shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of Digimatic or any other party.

The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and with regard to all of the circumstances pertaining to the Offer.

In regard to any projected financial information noted in this report, no member or director of Moore Stephens Perth Corporate Services Pty Ltd has had any involvement in the preparation of the projected financial information.

Furthermore we do not provide any opinion whatsoever as to any projected financial or other results prepared for Digimatic or 8IH and in particular do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully



Peter Gray
Director

Moore Stephens Perth Corporate Services Pty Ltd

APPENDIX A – SOURCE OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

- Draft Term Sheet;
- Draft Notice of Meeting;
- Audited financial Statements of Digimatic for the years ended 31 March 2016 and 2017;
- Unaudited financial information of Digimatic for the 4 months ended 31 August 2017;
- Audited financial statements of 8I Holdings Limited for the years ended 31 March 2015, 2016 and 2017;
- Unaudited financial information of 8VIC for the years ended 31 March 2015, 2016 and 2017, and the six months ended 30 September 2017;
- Unaudited financial information of Financial Joy Institute Pte Ltd for the years ended 31 March 2015, 2016 and 2017;
- Unaudited forecast financial information for 8VIC for the year ended 31 March 2018;
- Publicly available information in relation to Digimatic and 8I Holdings Limited, including ASX announcements;
- Information in the public domain;
- Share registry information for Digimatic;
- Oanda.com;
- S&P Capital IQ database; and
- Discussions with directors and management of both Digimatic and 8VIC

APPENDIX B – VALUATION METHODOLOGIES

We have considered which valuation methodology is the most appropriate in light of all the circumstances and information available. We have considered the following valuation methodologies and approaches:

- Discounted cash flow methodology ('DCF');
- Capitalisation of future maintainable earnings methodology ('FME');
- Net assets value method ('NAV');
- Quoted market price methodology ('QMP'); and
- Market approach method (Comparable market transactions)

| Valuation Methodologies and Approaches |
|---|
| <p>Discounted Cash Flow Method</p> <p>Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.</p> |
| <p>Capitalisation of Maintainable Earnings Method</p> <p>The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.</p> <p>It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.</p> <p>The measure of earnings will need to be assessed and can include, net profit after taxes (NPAT), earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA).</p> <p>The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies.</p> <p>An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.</p> |
| <p>Net Assets Value Method (Orderly Realisation of Assets)</p> <p>The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.</p> <p>Liquidation of assets - The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.</p> <p>Net assets – The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value.</p> <p>The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.</p> <p>The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.</p> <p>Cost Based Approach - The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.</p> <p>Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly, this approach is only useful in limited circumstances, usually associated with intangible asset valuation.</p> |
| <p>Quoted Market Price Methodology</p> <p>The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.</p> <p>Consequently, this approach provides a "fair price", independently determined by a real market. However, the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.</p> <p>In taking a quoted market price based assessment of the consideration to both parties to the proposed transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.</p> |
| <p>Market Approach Method</p> <p>The market based approach estimates a company's fair market value by considering the market prices of transactions in its shares or the market value of comparable assets.</p> <p>This includes, consideration of any recent genuine offers received by the target for an entire entity's business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets</p> |

APPENDIX C – COMPARABLE COMPANIES

Comparable company trading multiple analysis

| | | Market Cap | Enterprise Value | Debt | Cash | Revenue (SGD) | | | EBITDA (SGD) | | | NPAT (SGD) | | |
|----------------|---|--------------|------------------|--------------|-------------|---------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Ticker | Company Name | (SGD) | (SGD) | (SGD) | (SGD) | LTM | FY 2017 | FY 2018 | LTM | FY 2017 | FY 2018 | LTM | FY 2017 | FY 2018 |
| TSE:4668 | Meiko Network Japan Co., Ltd. | 422.9 | 324.9 | 0.9 | 96.4 | 238.9 | 238.9 | 244.5 | 45.0 | 42.2 | 42.2 | 25.2 | 25.2 | - |
| NVSE:DL | China Distance Education Holdings Limited | 374.3 | 347.5 | 41.2 | 94.5 | 175.5 | 169.0 | 187.3 | 40.9 | 33.6 | - | 29.3 | 28.9 | 27.4 |
| KISE:SEG | SEG International Bhd | 261.5 | 254.3 | 16.0 | 22.8 | 81.8 | - | - | 16.0 | - | - | 10.1 | - | - |
| BSE:532475 | Aptech Limited | 259.1 | 249.1 | - | - | 43.8 | 45.7 | 50.4 | 6.1 | 5.8 | 8.1 | 4.2 | 4.0 | 4.7 |
| KOSDAQ:A067280 | Multicampus Corporation | 232.5 | 191.1 | - | 14.6 | 233.8 | - | - | 27.4 | - | - | 16.3 | - | - |
| KOSDAQ:A225330 | CMS Education Co., Ltd. | 205.0 | 196.7 | 7.2 | 5.2 | 76.1 | 80.9 | 97.2 | 16.9 | 18.5 | 22.1 | 9.6 | 11.7 | 15.1 |
| TSE:4718 | Waseda Academy Co., Ltd. | 171.1 | 155.1 | 6.5 | 22.7 | 255.9 | 259.1 | 267.8 | 21.9 | 21.4 | 24.5 | 8.6 | 8.5 | - |
| KOSDAQ:A040420 | JLS Co.,Ltd. | 134.0 | 133.5 | 9.5 | 9.0 | 102.3 | 105.5 | 112.7 | 15.1 | 17.0 | 18.2 | 8.6 | 10.1 | 11.3 |
| ASX:RTE | ReTech Technology Co., limited | 120.6 | 103.8 | - | 16.7 | 19.1 | - | - | 6.7 | - | - | 4.7 | - | - |
| JASDAQ:2152 | Youji Corporation | 142.9 | 74.8 | 4.3 | 55.1 | 75.5 | - | - | 10.9 | - | - | 5.8 | - | - |
| KOSDAQ:A068930 | Digital Daesung Co., Ltd. | 101.7 | 83.3 | - | 8.6 | 109.0 | - | - | 18.0 | - | - | 10.7 | - | - |
| BSE:540403 | CL Educate Limited | 98.7 | 64.7 | 12.5 | - | 57.9 | 58.2 | - | 6.6 | 7.1 | - | 3.9 | 4.1 | - |
| TSE:4735 | Kyoshin Co., Ltd. | 105.0 | 172.4 | 100.9 | 32.0 | 180.3 | 168.9 | - | 9.4 | 9.9 | - | 4.9 | 5.4 | - |
| KOSDAQ:A053290 | Neungyule Education, Inc. | 65.5 | 50.2 | - | 15.3 | 65.0 | - | - | 13.3 | - | - | 4.1 | - | - |
| TSE:4319 | TAC Co.,Ltd. | 61.6 | 79.5 | 90.2 | 72.2 | 250.5 | 256.1 | - | 11.6 | 12.6 | - | 4.9 | 6.1 | - |
| NSEI:CAREERP | Career Point Limited | 55.7 | 72.4 | 27.5 | - | 18.8 | 18.1 | - | 6.9 | 6.4 | - | 4.5 | 3.8 | - |
| BSE:534312 | MT Educare Limited | 50.5 | 77.0 | 30.6 | - | 63.4 | 64.9 | 86.7 | 10.0 | 11.0 | - | 3.0 | 3.7 | - |
| JASDAQ:4720 | Johnan Academic Preparatory Institute, Inc. | 55.9 | 45.9 | - | 9.9 | 85.0 | 86.8 | - | 6.4 | 6.6 | - | 2.1 | 2.4 | - |
| JASDAQ:4645 | Ichishin Holdings Co.,Ltd. | 53.9 | 100.1 | 70.0 | 22.2 | 197.9 | 199.3 | - | 14.6 | 14.4 | - | 3.1 | 2.9 | - |
| ASX:RDH | RedHill Education Limited | 56.1 | 49.5 | 0.1 | 6.7 | 43.8 | 43.8 | 58.6 | 4.6 | 4.6 | 6.4 | 1.8 | 1.8 | 3.3 |
| ASX:KME | Kip McGrath Education Centres Limited | 26.4 | 21.9 | 0.8 | 5.2 | 14.3 | 14.3 | - | 2.4 | 2.4 | - | 1.5 | 1.5 | - |
| Average | | 145.5 | 135.6 | 19.9 | 24.2 | 113.8 | 86.2 | 52.6 | 14.8 | 10.2 | 5.8 | 8.0 | 5.7 | 2.9 |
| Median | | 105.0 | 100.1 | 6.5 | 14.6 | 81.8 | 58.2 | - | 11.6 | 6.6 | - | 4.9 | 3.7 | - |
| Minimum | | 26.4 | 21.9 | - | - | 14.3 | - | - | 2.4 | - | - | 1.5 | - | - |
| Maximum | | 422.9 | 347.5 | 100.9 | 96.4 | 255.9 | 259.1 | 267.8 | 45.0 | 42.2 | 42.2 | 29.3 | 28.9 | 27.4 |

Source: S&P's Capital IQ

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

| Ticker | Company Name | Net Assets (SGD) | Premium/(Discount) to Net Assets (SGD) | ROE % | ROA % | Dividend Yield % | Gross Margin % | EBITDA Margin % |
|----------------|---|---------------------|--|----------|----------|------------------------|----------------------|-----------------------|
| TSE:4668 | Meiko Network Japan Co., Ltd. | 177.7 | 245.3 | 14.8% | 9.2% | 3.1% | 34.5% | 17.0% |
| NYSE:DL | China Distance Education Holdings Limited | 87.1 | 287.2 | 40.0% | 9.2% | 5.4% | 57.7% | 23.3% |
| KLSE:SEG | SEG International Bhd | 34.2 | 227.2 | 21.6% | 8.0% | 5.3% | 69.5% | 19.6% |
| BSE:532475 | Aptech Limited | 53.9 | 205.2 | 0.0% | 0.0% | 1.0% | 26.7% | 13.8% |
| KOSDAQ:A067280 | Multicampus Corporation | 98.2 | 134.3 | 18.2% | 10.4% | 0.0% | 32.8% | 11.7% |
| KOSDAQ:A225330 | CMS Education Co., Ltd. | 56.8 | 148.2 | 18.9% | 11.7% | 0.0% | 100.0% | 22.2% |
| TSE:4718 | Waseda Academy Co., Ltd. | 79.8 | 91.3 | 11.3% | 5.9% | 1.7% | 27.8% | 8.6% |
| KOSDAQ:A040420 | JLS Co.,Ltd. | 73.2 | 60.8 | 11.9% | 6.8% | 0.0% | 24.3% | 14.8% |
| ASX:RTE | ReTech Technology Co., Limited | 24.0 | 96.6 | 0.0% | 0.0% | 0.0% | 66.0% | 35.1% |
| JASDAQ:2152 | Youji Corporation | 56.4 | 86.4 | 10.6% | 6.8% | 0.5% | 29.9% | 14.4% |
| KOSDAQ:A068930 | Digital Daesung Co., Ltd. | 81.5 | 20.2 | 15.8% | 7.5% | 0.0% | 48.9% | 16.5% |
| BSE:540403 | CL Educate Limited | 76.3 | 22.4 | 0.0% | 0.0% | 0.0% | 30.7% | 11.5% |
| TSE:4735 | Kyoshin Co., Ltd. | 41.3 | 63.7 | 12.5% | 1.6% | 0.8% | 25.1% | 5.2% |
| KOSDAQ:A053290 | Neungyule Education, Inc. | 70.7 | (5.2) | 6.4% | 6.5% | 0.0% | 69.4% | 20.5% |
| TSE:4319 | TAC Co.,Ltd. | 65.9 | (4.2) | 7.6% | 1.9% | 1.8% | 40.2% | 4.6% |
| NSEI:CAREERP | Career Point Limited | 79.0 | (23.3) | 0.0% | 0.0% | 0.0% | 56.3% | 36.9% |
| BSE:534312 | MT Educare Limited | 35.3 | 15.2 | 0.0% | 0.0% | 0.0% | 38.3% | 15.8% |
| JASDAQ:4720 | Johnan Academic Preparatory Institute, Inc. | 49.4 | 6.5 | 4.4% | 3.4% | 1.7% | 30.9% | 7.6% |
| JASDAQ:4645 | Ichishin Holdings Co.,Ltd. | 18.5 | 35.4 | 18.6% | 3.0% | 2.2% | 19.0% | 7.4% |
| ASX:RDH | RedHill Education Limited | 15.3 | 40.8 | 12.8% | 5.2% | 1.1% | 32.4% | 10.5% |
| ASX:KME | Kip McGrath Education Centres Limited | 10.8 | 15.5 | 14.5% | 7.8% | 3.8% | 41.2% | 16.7% |
| Average | | 61.2 | 84.3 | 11.4% | 5.0% | 1.4% | 42.9% | 15.9% |
| Median | | 56.8 | 60.8 | 11.9% | 5.9% | 0.8% | 34.5% | 14.8% |
| Minimum | | 10.8 | (23.3) | 0.0% | 0.0% | 0.0% | 19.0% | 4.6% |
| Maximum | | 177.7 | 287.2 | 40.0% | 11.7% | 5.4% | 100.0% | 36.9% |

Source: S&P's Capital IQ

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

MOORE STEPHENS

| Ticker | Company Name | Revenue Multiple | | | EBITDA Multiple | | | EBIT Multiple | | | NPAT Multiple | | |
|----------------|---|------------------|-------------|-------------|-----------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|
| | | LTM | FY 2017 | FY 2018 | LTM | FY 2017 | FY 2018 | LTM | FY 2017 | FY 2018 | LTM | FY 2017 | FY 2018 |
| TSE:4668 | Melko Network Japan Co., Ltd. | 1.4x | 1.4x | 1.3x | 8.2x | 8.2x | 7.7x | 10.1x | 10.1x | 9.2x | 17.2x | 17.2x | N/A |
| NYSE:DL | China Distance Education Holdings Limited | 2.0x | 2.1x | 1.9x | 8.7x | N/A | N/A | 10.2x | 12.2x | 12.7x | 13.0x | 13.0x | 13.7x |
| KLSE:SEG | SEG International Bhd | 3.1x | N/A | N/A | 15.9x | N/A | N/A | 21.7x | N/A | N/A | 25.9x | N/A | N/A |
| BSE:532475 | Aptech Limited | 5.8x | 5.6x | 4.9x | 42.1x | 44.5x | 30.0x | 62.5x | 67.8x | N/A | 62.6x | 66.6x | 54.9x |
| KOSDAQ:A067280 | Multicampus Corporation | 0.8x | N/A | N/A | 7.0x | N/A | N/A | 8.9x | N/A | N/A | 14.3x | N/A | N/A |
| KOSDAQ:A225330 | CMS Education Co., Ltd. | 2.6x | 2.4x | 2.0x | 11.7x | 10.6x | 9.7x | 13.7x | 12.5x | 10.2x | 21.5x | 17.5x | 13.6x |
| TSE:4718 | Waseda Academy Co., Ltd. | 0.6x | 0.6x | 0.6x | 7.2x | 7.5x | 5.9x | 11.1x | 12.0x | 9.2x | 20.2x | 20.9x | N/A |
| KOSDAQ:A040420 | JLS Co., Ltd. | 1.3x | 1.3x | 1.2x | 8.8x | 7.8x | 7.7x | 12.7x | 11.0x | 9.8x | 15.6x | 13.3x | 11.9x |
| ASX:RTE | ReTech Technology Co., Limited | 1.0x | N/A | N/A | 3.0x | N/A | N/A | 3.0x | N/A | N/A | 5.0x | N/A | N/A |
| JASDAQ:2152 | Youji Corporation | 1.0x | N/A | N/A | 6.8x | N/A | N/A | 7.4x | N/A | N/A | 24.4x | N/A | N/A |
| KOSDAQ:A068930 | Digital Daesung Co., Ltd. | 0.8x | N/A | N/A | 4.6x | N/A | N/A | 6.2x | N/A | N/A | 9.6x | N/A | N/A |
| BSE:540403 | CL Educate Limited | 1.1x | 1.2x | N/A | 10.0x | 9.4x | N/A | 12.2x | 11.6x | N/A | 26.0x | 25.0x | N/A |
| TSE:4735 | Kyoshin Co., Ltd. | 1.0x | 1.1x | N/A | 18.8x | 18.1x | N/A | 43.6x | 37.6x | N/A | 21.9x | 20.2x | N/A |
| KOSDAQ:A053290 | Neungyule Education, Inc. | 0.8x | N/A | N/A | 3.8x | N/A | N/A | 6.0x | N/A | N/A | 15.9x | N/A | N/A |
| TSE:4319 | TAC Co., Ltd. | 0.3x | 0.3x | N/A | 6.9x | 6.6x | N/A | 9.8x | 9.2x | N/A | 12.9x | 10.4x | N/A |
| NSEI:CAREERP | Career Point Limited | 3.9x | 4.2x | N/A | 10.7x | 11.8x | N/A | 12.6x | 14.3x | N/A | 12.6x | 15.2x | N/A |
| BSE:534312 | MT Educare Limited | 1.2x | 1.2x | 0.9x | 7.9x | 7.3x | N/A | 12.2x | 11.7x | N/A | 17.1x | 14.1x | N/A |
| JASDAQ:4720 | Johnan Academic Preparatory Institute, Inc. | 0.5x | 0.5x | N/A | 7.3x | 7.2x | N/A | 11.5x | 11.3x | N/A | 26.6x | 24.1x | N/A |
| JASDAQ:4645 | Ichishin Holdings Co., Ltd. | 0.5x | 0.5x | N/A | 7.1x | 7.2x | N/A | 15.6x | 16.2x | N/A | 18.0x | 19.1x | N/A |
| ASX:RDH | RedHill Education Limited | 1.1x | 1.1x | 0.8x | 10.7x | 10.7x | 7.8x | 16.8x | 16.8x | 11.1x | 30.5x | 30.5x | 17.1x |
| ASX:KME | Kip McGrath Education Centres Limited | 1.5x | 1.5x | N/A | 9.1x | 9.1x | N/A | 10.3x | 10.3x | N/A | 17.2x | 17.2x | N/A |
| Average | | 1.6x | 1.7x | 1.7x | 10.3x | 11.9x | 11.5x | 15.1x | 17.6x | 10.4x | 20.4x | 21.6x | 22.2x |
| Median | | 1.1x | 1.2x | 1.3x | 8.2x | 8.7x | 7.7x | 11.5x | 12.0x | 10.0x | 17.2x | 17.5x | 13.7x |
| Minimum | | 0.3x | 0.3x | 0.6x | 3.0x | 6.6x | 5.9x | 3.0x | 9.2x | 9.2x | 5.0x | 10.4x | 11.9x |
| Maximum | | 5.8x | 5.6x | 4.9x | 42.1x | 44.5x | 30.0x | 62.5x | 67.8x | 12.7x | 62.6x | 66.6x | 54.9x |

Source: S&P's Capital IQ

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

| Ticker | Company Name | Business Description |
|----------|---|---|
| TSE:4668 | Meiko Network Japan Co., Ltd. | Meiko Network Japan Co., Ltd. engages in the educational activities in Japan. It operates individual tutoring cram schools for children of various ages from elementary school to university entrance examinations preparation directly, as well as through its franchise system. The company also operates medical cram school for medicine-related university entrance examinations; soccer schools for preschool children, and elementary and junior high school students; and extended-hours cram schools for elementary school children performing the added function of after school care, as well as operates individual tutoring cram school for students with high academic performance seeking to enter high-ranking and difficult-to-enter schools. In addition, it sells practice examinations and teaching materials; and publishes academic books. As of August 31, 2016, the company operated 2,102 schools. The company was formerly known as Meiko Gijuku Corporation and changed its name to Meiko Network Japan Co., Ltd. in December 1986. Meiko Network Japan Co., Ltd. was founded in 1984 and is headquartered in Tokyo, Japan. |
| NYSE:DL | China Distance Education Holdings Limited | China Distance Education Holdings Limited provides online and offline education services, and sells related products in the People's Republic of China. It operates through three segments: Online Education Services, Business Start-Up Training Services, and The Sale of Learning Simulation Software. The company offers online professional education services in accounting, healthcare, and engineering and construction industries; and other professional education courses, such as the national judicial examination, online test-preparation courses for self-taught learners pursuing higher education diplomas or degrees, test preparation courses for university students, and online language courses. Its online courses features pre-recorded audio-video lectures taught by experts; and other content, such as course outlines, exercise questions, mock exams, and frequently asked questions and answers. The company's online lectures are supplemented by its proprietary Learning Management System, which tracks individual study progress, records course notes, and collects incorrectly answered questions. As of September 30, 2016, it operated 25 Websites, including its primary Website cdeledu.com. In addition, the company operates an Open Learning Platform, a proprietary education platform, which allows people to share their educational content and deliver live courses online; and sells proprietary books and reference materials. Further, it provides business start-up training courses to university students, job seekers, and individuals; offline accounting and healthcare professional training, courseware production, and online platform development services; and mobile accounting, engineering and construction, healthcare, and legal courses through an app on Android and Apple iOS tablets and smart phones, as well as engages in selling learning simulation software to the college market. The company was founded in 2000 and is based in Beijing, the People's Republic of China. |
| KLSE:SEG | SEG International Bhd | SEG International Bhd, an investment holding company, provides educational and training services in Malaysia. It offers programs in the areas of health science, allied health science, business and accounting, creative arts and design, early childhood care and education, engineering and built environment, hospitality and tourism, technology and innovation, law, and English and public relations; communication, foundation, postgraduate, and professional studies; and American degree program. In addition, it provides professional, commercial, and academic education; property investment, development, and management; management consultancy; job placement consultancy; eye care, optometry related, and dental care and training; medical clinic and healthcare; and child educational and related services. Further, the company is involved in the provision of financial planning and financial related courses; rentals of premises; e-learning solutions; business advisory services; hostels and transportation management services; solutions and e-community management systems; software business solutions; software development services; online training solutions; and recruitment and other related services, as well as in the licensing and accreditation of educational programs. The company was founded in 1977 and is based in Petaling Jaya, Malaysia. |

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

| Ticker | Company Name | Business Description |
|----------------|--------------------------|---|
| BSE:532475 | Aptech Limited | Aptech Limited provides learning solutions and vocational skills training services worldwide. It operates through two segments, Retail and Institutional. The company provides IT education programs, including computer education, as well as pro-career, professional, and short-term courses for engineers, engineering students, 12th pass students, and working people; and basic and advanced courses in animation, graphics and Web designing, gaming, mass media and communications, animation, and multimedia, as well as VFX and film-making courses. It also offers courses in hospitality and aviation management, airport management and customer care, airport terminal operations and management, airport ground staff services, cabin crew, travel and tourism management, personality development, retail, and event management; banking and finance, such as retail banking, corporate and international banking, financial mathematics and accounting, and business communication; skin, hair, and nail care, as well as make-up; hardware and networking; and English learning and language programs. In addition, the company provides courses in the areas of networking, e-commerce, software development, and software engineering; training solutions in the areas of customer interface skills, product/process training, managerial development training, and other soft skills, for corporates in the automotive, retail, telecom, hospitality, BFSI, government, and academic sectors; and assessment and testing solutions for universities and corporates. Aptech Limited was founded in 1986 and is based in Mumbai, India. |
| KOSDAQ:A067280 | Multicampus Corporation | Multicampus Corporation primarily engages in the e-learning activities with a focus on the human resource development (HRD) industry primarily in South Korea. It also provides IT expert training, HRD/finance BPO, foreign language test and education BPO, learning platform, and knowledge services, as well as off-line services. The company's education services include performance consulting, knowledge curation, customized contents and knowledge development, CS education, platform establishment and management, finance sales education, education management, employee training, and HRD BPO services, as well as education consulting, competency development, and employee education programs. Its knowledge services comprise SERICEO, a knowledge based service for CEOs for economic, business management, and humanities related insight; SERICEO customized service that offers customized services utilizing SERICEO content; SERIPRO, a service for business leaders and key employees; SERIU that links the workplace and the university classroom; and WisePOP, which provides performance support based on knowledge content supporting continuous learning. The company's foreign language services consist of foreign language consulting, education operation, assessment, and BPO services, as well as customized foreign language and knowledge development, and phone foreign language services. The company was formerly known as Cedu Corporation and changed its name to Multicampus Corporation in March 2016. Multicampus Corporation was founded in 2000 and is headquartered in Seoul, South Korea. |
| KOSDAQ:A225330 | CMS Education Co., Ltd. | CMS Education Co., Ltd. operates in the education business in worldwide. It offers learning center management, consultation, and franchising services; publishes text books and teaching materials; and produces and sells books and educational newspapers. The company also provides school core and after-school programs; and online and offline content for learning centers. In addition, it offers online educational programs, including video lectures, assessment models application, and digital teaching method development; and teaching aids, and educational and fusion products. The company is based in Seoul, South Korea. CMS Education Co., Ltd. is a subsidiary of Chungdahm Learning, Inc. |
| TSE:4718 | Waseda Academy Co., Ltd. | Waseda Academy Co., Ltd. manages cram schools for elementary, and junior and high school students. It operates 157 schools. The company was founded in 1975 and is headquartered in Tokyo, Japan. |

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

| Ticker | Company Name | Business Description |
|----------------|--------------------------------|--|
| KOSDAQ:A040420 | JLS Co.,Ltd. | JLS Co.,Ltd. provides English education programs through off-line private educational institutes in South Korea and internationally. The company offers education services for nursery, kindergarten, elementary, middle, and high school students. It also provides online tuitions, and sells educational materials. The company was formerly known as Wooribylul Telecom Co., Ltd. and changed its name to JLS Co.,Ltd. in 2007. JLS Co.,Ltd. was founded in 1986 and is based in Seoul, South Korea. |
| ASX:RTE | ReTech Technology Co., Limited | Retech technology Co., Limited provides vocational education services. It offers online learning platform, designed training system and drawn out digital courseware for the internal members and external clients, suppliers, and cooperative partners; e-training partnership; and e-course direct. The company is based in Shanghai, China. |
| JASDAQ:2152 | Youji Corporation | Youji Corporation provides physical education services for children in Japan. It offers regular physical education services; extracurricular physical education services through sports, soccer, rhythmic gymnastics, and child clubs; and garden development services. The company was founded in 1972 and is headquartered in Tokyo, Japan. |
| KOSDAQ:A068930 | Digital Daesung Co., Ltd. | Digital Daesung Co., Ltd. provides online and offline educational services. It operates an online lecture site that offers various learning content to school students. The company also engages in the franchise and smart learning businesses. In addition, it operates Daesung Academy, the center for education admission; and college advertising agency that provides information required for college entrance. Digital Daesung Co., Ltd. was founded in 2000 and is headquartered in Seoul, South Korea. |
| BSE:540403 | CL Educate Limited | CL Educate Limited engages in the education business. The company offers test preparation and training services under the Career Launcher brand; publishing and content development services under the GK Publications brand; and event management, marketing support, customer engagement, and managed manpower and training services under the Kestone brand. It also provides integrated solutions to educational institutions and universities, including business advisory and outreach support services under the CL Media brand, as well as research incubation and support services under the brand Accendere brand. The company operates a network of approximately 192 test preparation and training centers in India. CL Educate Limited was incorporated in 1996 and is based in New Delhi, India. |
| TSE:4735 | Kyoshin Co., Ltd. | Kyoshin Co., Ltd. provides educational services for various age groups in Japan. The company offers early childhood education and elementary school test preparation services; Cram school for elementary and junior high school students; college entrance examination professional school for high school students; and classroom tutoring services for elementary and junior high school students. It also provides English conversation classes targeting from young children to adults; e-DES, an Internet learning system for elementary and junior high school students; Internet based video lessons for high school students; and nursery education services, as well as Japanese education services. In addition, the company franchises classroom tutoring services under the KyoSusumu School One brand. The company was founded in 1975 and is headquartered in Kyoto, Japan. |

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

| Ticker | Company Name | Business Description |
|----------------|---------------------------|--|
| KOSDAQ:A053290 | Neungyule Education, Inc. | Neungyule Education, Inc. provides educational products and services in South Korea. It offers various educational materials, including elementary, middle, and high school English textbooks and reference books; English language teaching (ELT) books; English dictionaries; and teen English newspapers. The company also provides English education franchise program for academies and study rooms; educational programs and teacher training programs for preschools and kindergartens; and various corporate educational services, such as e-learning, phone and video English, visiting teachers, special lecture programs, and customized educational content for companies, universities, and specialized groups. In addition, it offers online educational support and lecture services; and English education materials and programs for use in after-school classes in elementary schools. The company provides its services under the NE_Neungyule, NE_Times, NE_Kids, NE_Build & Grow, NE_Junior Lab, MATH FUN, and NE brands. Neungyule Education, Inc. exports its ELT books to Asia, the Middle East, Africa, and Central and South America. The company was founded in 1980 and is based in Seoul, South Korea. Neungyule Education, Inc. is a subsidiary of Korea Yakult Co., Ltd. |
| TSE:4319 | TAC Co., Ltd. | TAC Co., Ltd. engages in the personal education, corporate training, publishing, and manpower businesses. The company's Personal Education segment offers preparatory courses for individuals challenging various license exams. This segment provides classroom and distance learning courses, DVD courses, Internet Web courses, download correspondence courses, etc. Its Corporate Training segment offers training programs for acquisition of qualifications; work training for acquisition of specialized knowledge and skills; educational materials to corporations, universities, colleges, accountancy firms, and other organizations; school seminars; courses for business professionals; educational contents; and IT license education, as well as operates affiliated schools. The company's Publishing segment publishes various books related to license qualifications, including books for self-study; books for students taking its educational courses, such as text books, question workbooks, etc.; and books for working people comprising books on practical business, etc. under the TAC Publishing and Waseda Keiei Publishing brands. Its Manpower segment provides manpower dispatching and placement, and job advertisement services. The company was founded in 1980 and is headquartered in Tokyo, Japan. |
| NSEI:CAREERP | Career Point Limited | Career Point Limited, an education company, provides education consultancy and management services, and tutorial services in India. It offers tutorial services to students for school curriculum and various competitive examinations in engineering and medical entrance, NTSE, KVPY, and Science Olympiad. The company provides its tutorial services through various delivery platforms, such as owned branches, franchisee training centers, technology enabled live classrooms, online courses, synchro-school programs, and distance learning solutions. It also offers education consultancy and management services for the administration of schools; infrastructural services to higher education institutions, including technical campuses and universities; and online platforms and technology based learning solutions through Onlinepad.com. In addition, the company operates Career Point Gurukul, a residential coaching and school campus; CP University in Kota, a higher education institution; Global Public School; Career Point World School; and Global Kids, a pre-school. The company was formerly known as Career Point Infosystems Limited and changed its name to Career Point Limited in September 2011. Career Point Limited was founded in 1993 and is based in Kota, India. |

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

| Ticker | Company Name | Business Description |
|-------------|--|--|
| BSE:534312 | MT Educare Limited | MT Educare Limited provides education support and coaching services primarily under the Mahesh Tutorials brand name in India. The company offers education support and coaching services for students in the secondary and higher secondary school, as well as for students pursuing graduation degree in commerce, preparing for various competitive examinations, and undertaking chartered accountancy examinations. It also provides coaching services for students preparing for competitive exams, which include engineering and medical entrance exams, MBA exams, and CA exams. In addition, the company offers Robomate, an online education portal that offers school, commerce, science, and test prep courses. As of August 10, 2016, it operated approximately 275 coaching centers in 160 locations in Maharashtra, Tamil Nadu, Kerala, Andhra Pradesh, Telangana, Karnataka, Punjab, Chandigarh, Haryana, Assam, Odisha, Uttar Pradesh, and Gujarat. The company was founded in 1988 and is based in Mumbai, India. |
| JASDAQ:4720 | Johan Academic Preparatory Institute, Inc. | Johan Academic Preparatory Institute, Inc. engages in the education business primarily in Japan. The company manages advanced classes, including preparatory schools and individual guidance, as well as classrooms for infants, young children, and employment support schools. It also plans, produces, and sells teaching materials for universities, high schools, junior high schools, and infant education, as well as e-learning materials; and sells books. In addition, the company franchises its preliminary schools; and manages job hunting cram schools. Johan Academic Preparatory Institute, Inc. was founded in 1982 and is headquartered in Kawasaki, Japan. |
| JASDAQ:4645 | Ichishin Holdings Co., Ltd. | Ichishin Holdings Co., Ltd., through its subsidiaries, engages in the education business in Japan. The company offers group learning/individualized teaching/video classes/corrections for correspondence courses for elementary school students, high school students, and students preparing for college entrance exams; home tutor dispatch services; and individualized learning system services using movies. It also provides Wingnet, an Internet based video class with 1,330 courses and 18,700 classes for elementary school students, high school students, cram schools, and schools in local regions; and content for exam preparations and Japanese language education and preparation, as well as for job hunting and teaching club activities. In addition, the company offers Japanese language education courses to manage a Japanese language school, as well as for Japanese cultural knowledge and communication skills; and a range of support services for sales planning, skill development, and information management through the development of educational materials and curricula, manuals creation, training instructors, conducting research and development on new products, aggregating and sharing exam information, publishing exam guidebooks, rating various types of exams, promoting IT systems, and management of mission-critical systems. Further, it is involved in the educational materials printing and delivery businesses; and classroom facility management business to create learning environment. The company was founded in 1965 and is headquartered in Ichikawa, Japan. |
| ASX:RDH | RedHill Education Limited | RedHill Education Limited engages in the various education businesses in Australia. The company operates in four segments: Information Technology, Creative Design, English Language, and Student Agency. The Information Technology segment operates the Academy of Information Technology, which provides courses in information technology, digital design, interactive multimedia, and games and apps programming. The Creative Design segment operates the International School of Color and Design that offers campus and distance learning in interior designing and styling courses. The English Language segment operates Greenwich English College, which provides English language intensive courses, as well as vocational education and training programs for overseas students. The Student Agency segment operates the Go Study Australia, an international student recruitment agency that offers student recruitment services. RedHill Education Limited was founded in 2006 and is headquartered in Ultimo, Australia. |

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

| Ticker | Company Name | Business Description |
|---------|---------------------------------------|---|
| ASX:KME | Kip McGrath Education Centres Limited | Kip McGrath Education Centres Limited provides supplementary English and maths education services in Australasia, the United Kingdom, Europe, and internationally. It sells franchises and offers services to franchisees in the education field. The company also offers tutorial assistance in reading, spelling, comprehension, English, and math for primary and secondary students; and KipOnline, a real time face-to-face online tutoring service. It has a franchise network of approximately 500 tutoring centers in 20 countries. Kip McGrath Education Centres Limited was founded in 1974 and is headquartered in Newcastle, Australia. |

Source: S&P's Capital IQ

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

Comparable transaction business descriptions

| Company Name | Percentage Acquired | Transaction Value (\$GD) | Implied EBITDA Multiple | Target Co Revenue (LTM) (\$GD) | Target Co EBITDA (LTM) (\$GD) | Implied Business Value (\$GD) | Description |
|---|------------------------|-----------------------------|-------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|---|
| Ichishin Holdings Co.,Ltd. (JASDAQ:4645) | 12.4% | 6.8 | 6.5x | 201.1 | 14.5 | 55.0 | Ichishin Holdings Co.,Ltd., through its subsidiaries, engages in the education business in Japan. The company offers group learning/individualized teaching/video classes/corrections for correspondence courses for elementary school students, high school students, and students preparing for college entrance exams; home tutor dispatch services; and individualized learning system services using movies. It also provides Wingnet, an Internet based video class with 1,330 courses and 18,700 classes for elementary school students, high school students, cram schools, and schools in local regions; and content for exam preparations and Japanese language education and preparation, as well as for job hunting and teaching club activities. In addition, the company offers Japanese language education courses to manage a Japanese language school, as well as for Japanese cultural knowledge and communication skills; and a range of support services for sales planning, skill development, and information management through the development of educational materials and curricula, manuals creation, training instructors, conducting research and development on new products, aggregating and sharing exam information, publishing exam guidebooks, rating various types of exams, promoting IT systems, and management of mission-critical systems. Further, it is involved in the educational materials printing and delivery businesses; and classroom facility management business to create learning environment. The company was founded in 1965 and is headquartered in Ichikawa, Japan. |
| Nord Anglia Education, Inc. | 33.2% | 1,606.6 | 24.8x | 1238.5 | 244.1 | 4842.5 | Nord Anglia Education, Inc., an investment holding company, operates premium international schools. As of November 29, 2016, it provided education services to approximately 37,000 students from kindergarten through to the end of secondary education at its 43 international schools in China, Europe, the Middle East, Southeast Asia, and North America. The company was founded in 1972 and is headquartered in Central, Hong Kong. Nord Anglia Education, Inc. is a subsidiary of Premier Education Holdings Limited. |

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

Comparable transaction business descriptions

| Company Name | Percentage Acquired | Transaction Value (SGD) | Implied EBITDA Multiple | Target Co Revenue (LTM) (SGD) | Target Co EBITDA (LTM) (SGD) | Implied Business Value (SGD) | Description |
|--------------------------------|------------------------|----------------------------|-------------------------------|-------------------------------------|------------------------------------|------------------------------------|---|
| Performance Education Group | 24.6% | 4.7 | 4.4x | 33.2 | 4.4 | 19.3 | Performance Education Group is based in Australia. Performance Education is focussed on providing support training to "professional year" students completing higher education courses in Accounting and Information Technology. |
| Financial Joy Institute | 51.0% | 2.0 | 8.0x | 1.5 | 0.5 | 4.0 | FII provides financial and investment education through its main brand, Value Investing College ("VIC"). VIC has been conducting its signature Value Investing Bootcamp ("VIB") in Singapore, Malaysia, Taiwan, Thailand, Myanmar, India and Vietnam, with expansion plans to South Africa, Australia, Philippines, Dubai, Japan and China. It started its operations in Singapore in 2014. |
| Financial Joy Institute | 49.0% | 4.9 | 10.0x | 4.0 | 1.0 | 10.0 | As above. |

Source: Moore Stephens workings and S&P Capital IQ

APPENDIX D - GLOSSARY

In this report, unless the context requires otherwise:

| Term | Meaning |
|------------------------------------|--|
| A\$ | Australian Dollar |
| S\$ | Singaporean Dollar |
| 8IH | 8I Holdings Limited (the ultimate holding company of 8VIC Global Pte Limited) |
| 8VIC | 8VIC Global Pte Limited |
| Act | Corporations Act 2001 |
| ASIC | Australian Securities and Investments Commission |
| Associated Shareholders | Shareholders and directors of both Digimatic Group Limited and 8VIC Global Pte Limited |
| ASX | Australian Securities Exchange or ASX Limited ACN 008 624 691 |
| Board | The Board of Directors of Digimatic Group Limited |
| Business Day | has the meaning given in the Listing Rules |
| Company | Digimatic Group Limited |
| Control basis | Assuming the shareholder/s have control of the entity in which equity is held |
| Digimatic | Digimatic Group Limited |
| Directors | The Directors of Digimatic Group Limited |
| Explanatory Statement | The explanatory statement accompanying the Notice |
| FME | Future Maintainable Earnings |
| IER | This Independent Experts Report |
| Income Tax Assessment Act | the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997 |
| Listing Rules | the official listing rules of ASX and includes the business rules of ASX |
| Moore Stephens or MSPCS | Moore Stephens Perth Corporate Services Pty Ltd |
| Non-Associated Shareholders | Shareholders who are not a party to, or associated with a party to, the Proposed Transaction |
| Notice | The notice of meeting |
| Proposed Transaction | The acquisition of 100% of the share capital of 8VIC Global Pte Limited by Digimatic Group Limited |
| Register | the register of members of Digimatic shareholders or option holders, as the case requires |
| RG111 | ASIC Regulatory Guide 111 <i>Content of Experts Reports</i> |
| S&P Capital IQ | Third party provider of company and other financial information |

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Schedule 4 - Letter from Independent Financial Adviser in respect of proposed Whitewash Resolution

LETTER FROM MS CORPORATE FINANCE PTE. LTD. TO THE RECOMMENDING DIRECTORS

MS Corporate Finance Pte. Ltd.
(Company Registration No. 200305439E)
10 Anson Road
#29-01 International Plaza
Singapore 079903

6 November 2017

To: The Recommending Directors
Digimatic Group Ltd
82 Ubi Avenue 4
#06-04 Edward Boustead Centre
Singapore 408832

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE PROPOSED WHITEWASH RESOLUTION IN CONNECTION WITH THE PROPOSED ACQUISITION

Unless otherwise defined or the context otherwise requires, all terms defined in the explanatory memorandum (the "**Explanatory Memorandum**"), which forms part of the notice of general meeting (the "**Notice**"), shall have the same meanings herein.

1. INTRODUCTION

On 9 October 2017, Digimatic Group Ltd (the "**Company**") announced that it has entered into a binding conditional term sheet dated 8 October 2017 (the "**Term Sheet**") with 8I Holdings Limited ("**8IH**") and Glorymont Ltd (collectively the "**Vendors**"), pursuant to which the Company has agreed to enter into an option agreement which will provide the right to acquire a 100% equity interest in 8VIC Global Pte Limited ("**8VIC**"), in consideration for the issue to the Vendors an aggregate of 1,525,216,000 new ordinary shares (30,504,320 new ordinary shares on a post-Proposed Share Consolidation basis) (the "**Consideration Shares**") in the capital of the Company (the "**Shares**"), representing 70% of the enlarged share capital of the Company, at an issue price of A\$0.042 per Share on a pre-Proposed Share Consolidation basis (the "**Issue Price**") for a purchase consideration of A\$64,059,072 (the "**Purchase Consideration**") (the "**Proposed Acquisition**").

Under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"), where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

As at 31 October 2017, being the Latest Practicable Date, 8IH, together with its wholly-owned subsidiary 8 Business Pte Ltd, holds 10.81% interest in the Company.

Pursuant to completion of the Proposed Acquisition, 8IH will own more than 30% of the voting rights of the Company, thereby resulting in 8IH and its concert parties incurring an obligation to make a mandatory general offer for the remaining Shares not already owned or controlled by 8IH.

As it is not the intention of 8IH and its concert parties to make a general takeover for the Company, an application was made to seek the approval from the Securities Industry Council (the “SIC”) to grant a whitewash waiver to 8IH and its concert parties from making the general offer.

The SIC had on 11 September 2017 granted the Company a waiver of the obligation of 8IH to make a mandatory general offer of the Shares under Rule 14 of the Code (the “**Whitewash Waiver**”) following the allotment and issue of the Consideration Shares subject to the terms and conditions as set out in Section 7.2 of the Explanatory Memorandum including, *inter alia*, the approval of the whitewash resolution (the “**Proposed Whitewash Resolution**”) by the majority of Independent Shareholders voting by way of poll at the general meeting.

As at the Latest Practicable Date, the Directors of the Company (namely Mr Ivan Ong Shao Kuang and Mr Zane Robert Lewis) are considered independent for the purpose of the Proposed Whitewash Resolution (the “**Recommending Directors**”).

MS Corporate Finance Pte. Ltd. (“**MSCF**”) has been appointed as the independent financial adviser (“**IFA**”) to advise the Recommending Directors in respect of the Proposed Whitewash Resolution. This letter sets out, *inter alia*, our views and evaluation of the Proposed Whitewash Resolution and our opinion thereon (“**IFA Letter**”), and will form part of the Notice issued by the Company providing, *inter alia*, details of the Proposed Acquisition.

2. TERMS OF REFERENCE

MSCF has been appointed to advise the Recommending Directors in respect of the Proposed Whitewash Resolution. Specifically, MSCF will advise on whether the Independent Shareholders should vote in favour of the Proposed Whitewash Resolution.

We have not been involved in any aspect of the negotiations concerning the Proposed Acquisition. Our terms of reference is to form a view as to the fairness and reasonableness of the Proposed Acquisition and our opinion thereon. It does not require us to evaluate or comment on the strategic, legal, commercial and financial risks and/or merits of the Proposed Acquisition or the future prospects or value of the Company and its subsidiaries (the “**Group**”) and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the responsibility of the Board and the management of the Company (“**Management**”), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter. We do not, by this IFA Letter, warrant the merits of the Proposed Acquisition, other than to express an opinion for the purposes as stated above.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Group or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Group. We have not obtained from the Company any projection of the future performance including financial performance of the Group, and further, we did not conduct discussions with the Management on, and did not have access to, any business plan and financial projections of the Group. We also do not express an opinion herein as to the future value, financial performance or condition of the Company or the Group after completion of the Proposed Acquisition.

In the course of our evaluation, we have held discussion with the Board, the Management and/or their professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information and representations, whether written or verbal, provided to us by the Board, the Management and/or their professional advisers, including information in the Explanatory Memorandum. Whilst care has been exercised in reviewing the information or representations we have relied upon, we have not independently verified such information or representations and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. We have, however made reasonable enquiries and exercised our judgement (as we deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy of such information or representations which we have relied on.

We have also relied on the assurance of the Board of Directors (including those who may have delegated detail supervision of the Explanatory Memorandum) that they collectively and individually accept full responsibility for the accuracy of the information given in the Explanatory Memorandum and that having made all reasonable enquiries and to the best of their knowledge and belief, to ensure that the facts stated and opinions expressed in the Explanatory Memorandum are fair and accurate and that no material facts have been omitted which would make any statement in the Explanatory Memorandum misleading.

Our opinion, as set out in this letter, is based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein.

In rendering our services, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Explanatory Memorandum other than this IFA Letter. We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Explanatory Memorandum other than this IFA Letter. Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Explanatory Memorandum other than this IFA Letter.

We have prepared this IFA Letter for the use of the Recommending Directors in connection with their consideration of the Proposed Whitewash Resolution and their advice to the Independent Shareholders arising thereof. Our opinion in relation to the Proposed Whitewash Resolution, as set out in Section 7 of this IFA Letter, should be considered in the context of the entirety of this IFA Letter and the Explanatory Memorandum.

3. THE PROPOSED ACQUISITION

3.1 Information on 8IH

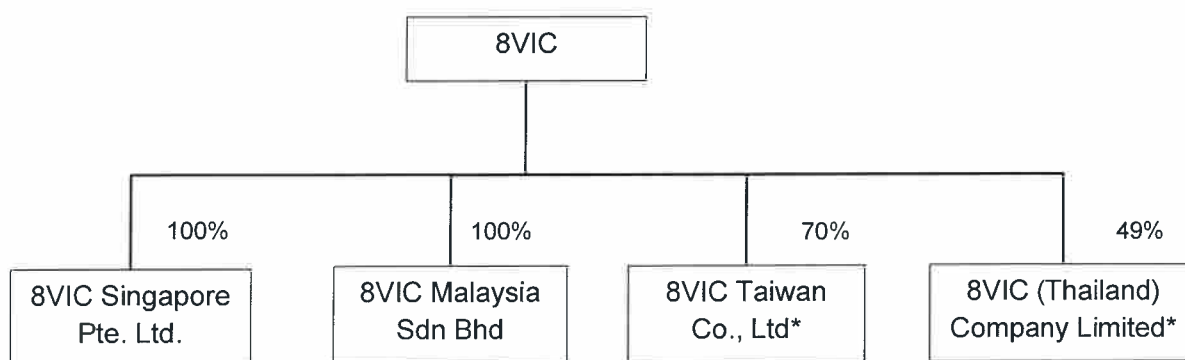
8IH is a company incorporated in Singapore and listed on the Australian Securities Exchange (the “ASX”). Its primary business focuses on investment in public listed companies and private businesses. Through 8 Capital Pte Ltd, 8IH and its subsidiaries operate a licensed fund management business in Singapore.

8IH also has a profitable education business, which it runs various education seminars on value investing under 8VIC and its subsidiaries (the “8VIC Group”). As at the Latest Practicable Date, 8IH holds 95% equity interest in 8VIC.

3.2 Information on 8VIC Group

8VIC is a company incorporated in Singapore which provides financial and investment education seminars. It is a leading financial education and training provider in Singapore and Malaysia where its flagship programmes, “Millionaire Investor Program” and “Value Investing Bootcamp”, focus on educating the layman on principles and techniques of value investing.

8VIC has two wholly-owned subsidiaries, namely 8VIC Singapore Pte. Ltd. (formerly known as Financial Joy Institute Pte Ltd (“FJI”)) and 8VIC Malaysia Sdn Bhd, which are incorporated in Singapore and Malaysia respectively. 8VIC acquired a 51% equity interest in FJI on 29 June 2016 and the remaining 49% equity interest on 31 March 2017. 8VIC is in the process of incorporating 8VIC Taiwan Co., Ltd, a company incorporated in Taiwan, where 8VIC will own a 70% shareholding interest. 8VIC is also in the process of incorporating a 49% associate company, 8VIC (Thailand) Company Limited, in Thailand. The structure of the 8VIC Group as at the Latest Practicable Date is as follows:



* In the process of incorporation

3.3. Purchase Consideration

The Purchase Consideration shall be satisfied in full by the allotment and issuance to the Vendors an aggregate of 1,525,216,000 Consideration Shares (30,504,320 Consideration Shares on a post-Proposed Share Consolidation basis) at the Issue Price.

3.4 Conditions Precedent to the Proposed Acquisition

The following conditions precedent for the completion of the Proposed Acquisition are extracted from Section 3.9(b) of the Explanatory Memorandum and set out below:

- (a) the Vendors and/or parties acting in concert with them not being required to make any offer (under the Code or otherwise) for Shares held by the other Shareholders upon the Vendors' acquisition of Shares pursuant to the Proposed Acquisition;
- (b) SIC approval for the Whitewash Waiver; and
- (c) Independent Shareholders' approval for, *inter alia*, the Proposed Acquisition and the Proposed Whitewash Resolution.

4. THE PROPOSED WHITEWASH RESOLUTION

4.1. Rule 14 of the Code

Under Rule 14 of the Code, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights, such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares.

4.2 Issue of Consideration Shares

Pursuant to the issuance of the Consideration Shares, 8IH and its concert parties will own approximately 69.74% of the enlarged share capital.

4.3 Conditional waiver by the SIC

The SIC had, on 11 September 2017, granted the Company a waiver of the obligation of 8IH to make a mandatory offer of the Shares under Rule 14 of the Code following the allotment and issuance of the Consideration Shares.

The waiver of the requirement of 8IH to make a general offer for the Company under Rule 14 of the Code in the event that 8IH's aggregate holdings in the Company increase to 30% or more of the total voting rights in the Company based on the enlarged share capital of the Company as a result of the issuance of the Consideration Shares, is subject to the following:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the issue of the Consideration Shares under the Proposed Acquisition, approve by way of a poll the Proposed Whitewash Resolution;
- (b) the Proposed Whitewash Resolution is separate from other resolutions;
- (c) 8IH, its concert parties and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;

- (d) 8IH and its concert parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of the Consideration Shares):
 - (i) during the period between the date of the Announcement and the date on which Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (ii) in the six (6) months prior to the date of the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Acquisition;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed Whitewash Resolution;
- (f) the Company sets out clearly in the Explanatory Memorandum;
 - (i) details of the Proposed Acquisition and the issue of the Consideration Shares to 8IH;
 - (ii) the possible dilution effect to existing holders of voting rights as a result of 8IH acquiring the Consideration Shares;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by 8IH and its concert parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to 8IH under the Proposed Acquisition;
 - (v) specific and prominent reference to the fact that the acquisition of the Consideration Shares by 8IH under the Proposed Acquisition would result in 8IH and its concert parties holding Shares carrying 49% of the voting rights in the Company, and that 8IH and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer;
 - (vi) specific and prominent reference to the fact that Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from 8IH at the highest price paid by 8IH and parties acting in concert with it for the Shares in the past six (6) months preceding the commencement of the offer;
- (g) the Explanatory Memorandum states that the waiver granted by the SIC to 8IH from the requirement to make a general offer under Rule 14 is subject to the conditions stated in subparagraphs 4.3(a) to 4.3(f) above;
- (h) 8IH obtains the SIC's approval in advance for those parts of the Explanatory Memorandum that refer to the Proposed Whitewash Resolution; and
- (i) to rely on the Proposed Whitewash Resolution, the issue of the Consideration Shares to 8IH under the Proposed Acquisition must be completed within three (3) months of the date of approval of the Proposed Whitewash Resolution.

As at the Latest Practicable Date, save for conditions set out under Sections 4.3(a), 4.3(c), 4.3(d)(i) and 4.3(i) of this IFA Letter, which are expected to be satisfied only at or after the general meeting, all the other conditions imposed by the SIC set out above have been satisfied.

5. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In our assessment of Proposed Whitewash Resolution, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Proposed Whitewash Resolution:

- 5.1 Rationale for the Proposed Acquisition;
- 5.2 Historical financial performance and position of the Group;
- 5.3 Historical financial performance and position of the 8VIC Group;
- 5.4 Dividend track record of 8VIC;
- 5.5 Issue Price of the Consideration Shares;
- 5.6 Valuation statistics of selected companies broadly comparable to the 8VIC Group
- 5.7 Proposed Acquisition is earnings accretive; and
- 5.8 Other relevant considerations.

5.1 Rational for the Proposed Acquisition

The full text of the rationale for the Proposed Acquisition has been extracted from Sections 3.8 of the Explanatory Memorandum and is set out in italics below:

“3.8 Rationale for the Proposed Transaction

The Board is of the view that it is in the best interests of the Company to undertake the Proposed Transaction for the following reasons:

- (a) the Company believes that the Proposed Transaction would present an opportunity for the Company to synergize with the businesses of 8VIC. Currently, 8VIC is engaged in the running of finance-related seminars and conferences and provides significant revenue and profits for 8IH. At the same time, the greater part of the Company’s business revenue is derived from one of its wholly-owned subsidiaries which offers the marketing and provision of similar and synergistic seminars and conferences. The Proposed Transaction will capitalise on and strengthen the business fundamentals of the Company and will add significant value and growth potential to both the Company and 8VIC;*
- (b) the Proposed Transaction will allow the Company to acquire a profitable business with healthy operating cash flows which will add to the bottom line of the Company; and*
- (c) the Proposed Transaction is likely to raise the profile of the Company and generate more investor interest in the Company.”*

5.2 Historical financial performance and position of the Group

We also set out below the financial performance and position of the Group for the financial period from 3 March 2015 to 31 March 2015 ("FP2015"), the financial years ended 31 March ("FY") 2016 and 2017 based on the audited financial statements of the Group for FP2015, FY2016 and FY2017.

| | Audited FP2015 S\$'000 | Audited FY2016 S\$'000 | Audited FY2017 S\$'000 |
|--|------------------------------|------------------------------|------------------------------|
| Statement of Comprehensive Income | | | |
| Revenue | - | 9,082 | 15,247 |
| Cost of sales | - | (5,945) | (10,477) |
| Gross Profit | - | 3,137 | 4,770 |
| Other income | - | 919 | 2,264 |
| Administrative costs | (766) | (2,948) | (5,889) |
| Finance expenses | - | (9) | - |
| Other expenses | - | - | (24) |
| (Loss)/Profit before tax | (766) | 1,099 | 1,121 |
| Income tax expense/(benefit) | - | (76) | 25 |
| (Loss)/Profit after tax | (766) | 1,023 | 1,146 |

Source: Annual reports of the Group for FY2016 and FY2017.

| | Audited As at 31 March 2015 S\$'000 | Audited As at 31 March 2016 S\$'000 | Audited As at 31 March 2017 S\$'000 |
|--|---|---|---|
| Statement of Financial Position | | | |
| Current assets | 4 | 17,310 | 12,778 |
| Non-current assets | - | 4,086 | 5,375 |
| Total assets | 4 | 21,396 | 18,153 |
| Current liabilities | 766 | 3,437 | 2,639 |
| Non-current liabilities | - | 225 | 157 |
| Total liabilities | 766 | 3,662 | 2,796 |
| Net current assets | (762) | 13,873 | 10,139 |
| Net assets | (762) | 17,734 | 15,357 |

Source: Annual reports of the Group for FY2016 and FY2017.

| Statement of Cash Flows | Audited FP2015 S\$'000 | Audited FY2016 S\$'000 | Audited FY2017 S\$'000 |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Net cash used in operating activities | - | (279) | (1,300) |
| Net cash used in investing activities | - | (4,868) | (5,115) |
| Net cash from financing activities | - | 15,135 | - |
| Cash and cash equivalents at end of year | - | 9,988 | 3,613 |

Source: Annual reports of the Group for FY2016 and FY2017.

We note the following:

- (a) The Company was incorporated on 3 March 2015 and acquisition of subsidiaries were completed after 31 March 2015. Hence, there were no group figures for FP2015 and any comparison of the results for FP2015 will not be meaningful.
- (b) The Group recorded an increase in revenue from FY2016 to FY2017, where revenue increased from S\$9.1 million for FY2016 to S\$15.2 million for FY2017. This represented an increase of 67.9% from FY2016 to FY2017. The increase was mainly due to the increase in revenue from all 3 segments, namely the creatives segment, media segment and solutions segment.
- (c) The Group recorded a gross profit of S\$4.8 million in FY2017 as compared to a gross profit of S\$3.1 million in FY2016 due to the increase in revenue.
- (d) The Group recorded profit before tax of S\$1.1 million in both FY2016 and FY2017. We note that although gross profit and other income increased by S\$1.6 million and S\$1.3 million respectively in FY2017, the increase was partially offset by the increase in administrative expenses of S\$2.9 million due mainly to the increase in speakers fees and employee benefits.
- (e) We note that the increase in other income was due mainly to the gain on disposal of the wholly-owned subsidiary, Digimatic Solutions Pte Ltd, of S\$1.7 million. On a normalised basis, if we adjust this non-recurring gain on disposal of S\$1.7 million, the Group would have made a loss before tax of S\$0.6 million for FY2017.
- (f) The Group's net asset position decreased from S\$17.7 million as at 31 March 2016 to S\$15.4 million as at 31 March 2017 due mainly to the disposal of Digimatic Solutions Pte Ltd of which the disposal consideration was satisfied through the cancellation of shares.
- (g) The Group had negative operating cashflow for both FY2016 and FY2017. Cash and cash equivalents (inclusive of fixed deposits with maturity of more than 3 months) decreased from S\$15.0 million as at 31 March 2016 to S\$11.6 million as at 31 March 2017.

5.3 Historical financial performance and position of the 8VIC Group

We set out below the unaudited consolidated financial performance and position of the 8VIC Group for FY2015, FY2016 and FY2017.

| | Unaudited FY2015 S\$'000 | Unaudited FY2016 S\$'000 | Unaudited FY2017 S\$'000 |
|--|--------------------------------|--------------------------------|--------------------------------|
| Statement of Comprehensive Income | | | |
| Revenue | 4,881 | 6,868 | 10,534 |
| Other income | 18 | 83 | 109 |
| Administrative expenses | (1,729) | (1,985) | (3,085) |
| Other operating expenses | (2,384) | (2,203) | (4,329) |
| Profit before tax | 786 | 2,763 | 3,229 |
| Income tax expense/(credit) | (73) | (468) | 264 |
| Profit after tax | 713 | 2,295 | 3,493 |

Source: Unaudited consolidated accounts of the 8VIC Group for FY2015, FY2016 and FY2017.

| | Unaudited As at 31 March 2015 S\$'000 | Unaudited As at 31 March 2016 S\$'000 | Unaudited As at 31 March 2017 S\$'000 |
|--|---|---|---|
| Statement of Financial Position | | | |
| Current assets | 3,933 | 7,016 | 6,503 |
| Non-current assets | 59 | 428 | 2,330 |
| Total assets | 3,992 | 7,444 | 8,833 |
| Current liabilities | 3,126 | 3,604 | 3,766 |
| Non-current liabilities | 295 | 910 | 594 |
| Total liabilities | 3,421 | 4,514 | 4,360 |
| Net current assets | 807 | 3,412 | 2,737 |
| Net assets | 571 | 2,930 | 4,473 |

Source: Unaudited consolidated accounts of the 8VIC Group for FY2015, FY2016 and FY2017.

We note the following:

- (a) The 8VIC Group recorded an increase in revenue from FY2015 to FY2017, where revenue increased from S\$4.9 million for FY2015 to S\$6.9 million for FY2016 and to S\$10.5 million for FY2017. The increase in revenue of 40.7% from FY2015 to FY2016 was mainly due to higher program sales and subscription fees while the increase in revenue of 53.4% from FY2016 to FY2017 was mainly due to the acquisition of FJI and higher subscription fees.

- (b) The 8VIC Group recorded profits before tax of S\$0.8 million, S\$2.8 million and S\$3.2 million for FY2015, FY2016 and FY2017 respectively. The increase in profit before tax for FY2016 was mainly due to the higher program sales and subscription fees. The increase in profit before tax for FY2017 was mainly due to the acquisition of FJI and higher subscription fees but offset by the increase in administrative expenses and other operating expenses due mainly to an increase in employee compensation and marketing expenses.
- (c) The net asset position of the 8VIC Group increased from S\$0.6 million as at 31 March 2015 to S\$2.9 million as at 31 March 2016 due mainly to the profits generated in FY2016. The net asset position increased further to S\$4.5 million as at 31 March 2017 due mainly to the profits generated in FY2017 and the acquisition of FJI. As at 31 March 2017, the 8VIC Group recorded intangible assets of S\$1.5 million from the goodwill arising from the acquisition of FJI.
- (d) We note that 8VIC acquired 51% equity interest in FJI on 29 June 2016 and the remaining 49% on 31 March 2017. The unaudited consolidated accounts as shown above only incorporates the contribution from FJI for the period from 29 June 2016 to 31 March 2017 based on 8VIC's 51% equity interest in FJI. Assuming 8VIC had owned 100% equity interest in FJI on 1 April 2016, the unaudited consolidated profit after tax of the 8VIC Group for FY2017 will be S\$3.8 million.

5.4 Dividend track record of 8VIC

We note that over the past four financial years, 8VIC had paid dividends as follows:

| | FY2014 | FY2015 | FY2016 | FY2017 |
|-----------------|---------------|---------------|---------------|---------------|
| Dividends (S\$) | 130,000 | 500,000 | - | 1,700,000 |

Source: Audited financial statements of 8VIC for FY2015, FY2016 and FY2017.

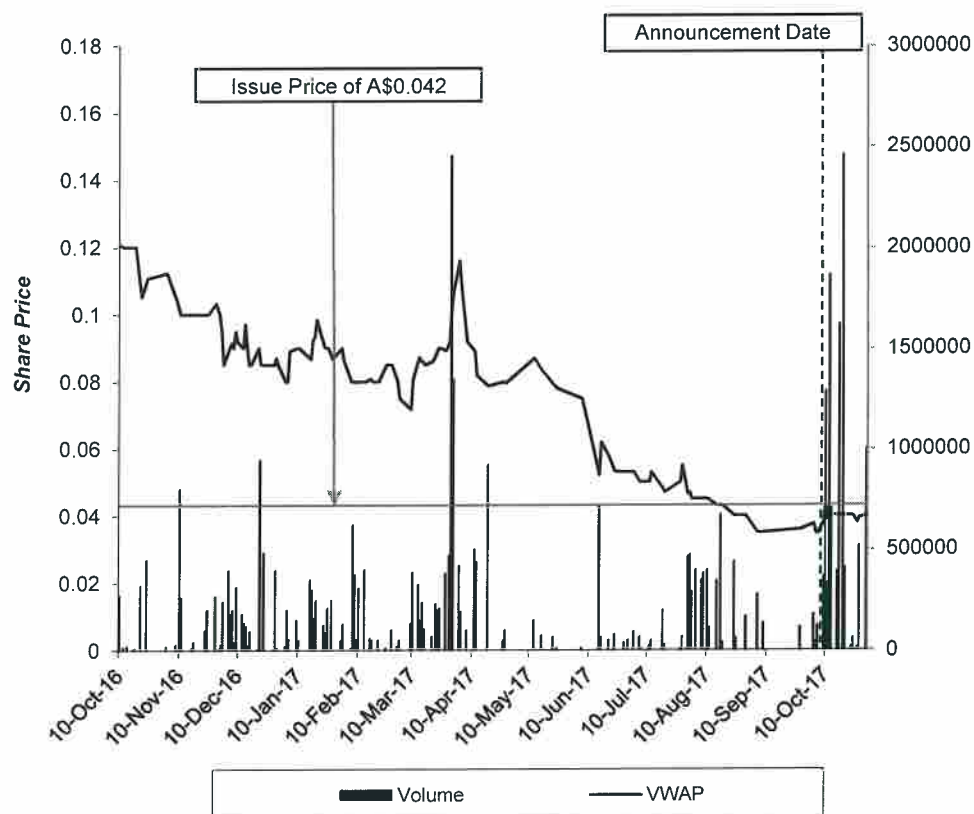
Based on the above, we note that over the last 4 financial years, 8VIC had declared dividends for FY2014, FY2015 and FY2017. We further understand that 8VIC has declared interim dividend of S\$4.4 million after 31 March 2017. We wish to highlight that the dividends paid by 8VIC serves as an illustrative guide and is not an indication of 8VIC's future dividend policy.

5.5 Issue Price of the Consideration Shares

We have made comparison between the Issue Price and the market prices of the Shares and the net asset value represented by each Share.

5.5.1 Historical market price and trading activity of the Shares

We set out below the Company's share price and volume chart based on the daily volume weighted average price ("VWAP") of the Shares and daily volume traded for the 12-month period up to 9 October 2017, being the Announcement Date, and ending on the Latest Practicable Date.



Source: Bloomberg L.P.

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares from 10 October 2016, being 12-month period prior to the Announcement Date, up to the Latest Practicable Date:

| Reference period | Average daily volume ⁽¹⁾ | Daily trading volume as percentage of free float ⁽²⁾ (%) | Lowest transacted price (A\$) | Highest transacted price (A\$) | VWAP (A\$) | Premium/ (Discount) of Issue Price over/(to) VWAP (%) |
|--|-------------------------------------|---|-------------------------------|--------------------------------|------------|---|
| Prior to the Announcement Day | | | | | | |
| 1 year before | 107,184 | 0.05 | 0.035 | 0.135 | 0.081 | (47.87) |
| 6 months before | 71,765 | 0.04 | 0.035 | 0.090 | 0.054 | (22.44) |
| 3 months before | 90,034 | 0.04 | 0.035 | 0.055 | 0.043 | (2.90) |
| 1 month before | 23,125 | 0.01 | 0.035 | 0.035 | 0.036 | 16.29 |
| Last traded day on 6 Oct 2017 | 125,000 | 0.06 | 0.034 | 0.035 | 0.035 | 21.04 |
| After the Announcement Date and up to the Latest Practicable Date | | | | | | |
| Between the Announcement Date and up to the Latest Practicable Date | 628,625 | 0.31 | 0.037 | 0.040 | 0.040 | 4.22 |
| On the Latest Practicable Date | 1,000,000 | 0.49 | 0.040 | 0.040 | 0.040 | 5.00 |

Source: Bloomberg L.P.

Notes

- (1) The average daily volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period.
- (2) Free float refers to the Shares other than those escrowed to 16 December 2017 and those held by the Directors and the substantial shareholders of the Company, and amounts to 204,912,912 Shares, representing approximately 31.3% of the issued Shares as at the Latest Practicable Date.

Based on the above table, we note that:

- (i) the Issue Price represents a discount of approximately 47.87%, 22.44% and 2.90% to the VWAP of the Shares over the 1 year, 6-month period and 3-month period prior to the Announcement Date respectively and a premium of approximately 16.29% over the VWAP of the Shares over the 1-month period prior to the Announcement Date;
- (ii) the Issue Price represents a premium of approximately 20.0% over the last traded price of the Shares of A\$0.035 on the last day prior to the Announcement Date;
- (iii) the Issue Price represents a premium of 4.22% over the VWAP of the Shares for the period from the Announcement Date to the Latest Practicable Date; and
- (iv) the Issue Price is at a premium of 5.0% over the last traded price of the Shares of A\$0.04 on the Latest Practicable Date.

We observed the following with regard to the trading volume of the Shares:

- (i) trading liquidity of the Shares over all the reference periods prior to the Announcement Date has been low at an average daily trading volume of the Shares of between 23,125 and 125,000 representing between 0.01% and 0.06% of the free float of the Company and between 0.01% and 0.02% of the total number of Shares of the Company;
- (ii) the average daily trading volume of the Shares was 628,625 for the period between the Announcement Date and up to the Latest Practicable Date, representing 0.31% of the free float of the Company; and
- (iii) as at the Latest Practicable Date, the trading volume of the Shares was 1,000,000, representing 0.49% of the free float of the Company.

We note that the Share price was generally exhibiting a downward trend for the 1-year prior to the Announcement Date from a high of S\$0.135 to a low of S\$0.034. We further note that the trading volume of the Shares has been consistently low, which is lower than 0.1% of the free float of the Company. Hence, the historical Share price may not reasonably reflect its fair value and serve as a good benchmark to determine the fairness and reasonableness of the Issue Price.

Shareholders should note that the past trading performance of the Shares should not, in any way, be relied upon as an indication or assurance of its future trading performance.

5.5.2 NAV and NTA of the Shares

As at 31 March 2017, the Group had an audited consolidated net asset value ("**NAV**") attributable to Shareholders of S\$15.0 million, representing a NAV per Share of S\$0.023 (equivalent to A\$0.022 based on the exchange rate of A\$1.00 to S\$1.0433 as at the Latest Practicable Date). Accordingly, the Issue Price represents a premium of 90.9% over the NAV per Share.

We note that the Group has intangible assets of S\$2.2 million as at 31 March 2017. Accordingly, the audited consolidated net tangible asset ("**NTA**") attributable to Shareholders is S\$12.8 million and its NTA per Shares is S\$0.020 (equivalent to A\$0.019 based on the exchange rate of A\$1.00 to S\$1.0433 as at the Latest Practicable Date). The Issue Price represents a premium of 121.1% over the NTA per Share.

The Management has confirmed to us that save as disclosed in this IFA Letter, to the best of their knowledge and belief, there are no other assets which may be valued at an amount that is materially different from what was recorded in the audited balance sheet of the Group as at 31 March 2017, which would result in a material impact on the NAV of the Group.

The Directors and Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, save for what have been previously disclosed in the Explanatory Memorandum, the annual reports and unaudited results announcements on the ASX:

- (a) there are no other off-balance sheet and contingent liabilities or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;
- (b) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;

- (c) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (d) there are no material acquisitions and disposals of assets by the Group between 1 April 2017 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

5.6 Valuation statistics of selected companies broadly comparable to the 8VIC Group

We understand from the Management that there are no directly comparable financial education providers. In the evaluation of the Issue Price, we have considered the valuation statistics of selected companies listed on the ASX, the Stock Exchange of Hong Kong (the "**HKSE**"), the Korea Exchange ("**KRX**"), the Bursa Malaysia and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") with market capitalisation of less than S\$500 million, that are deemed broadly comparable to the 8VIC Group, i.e., companies which are involved in vocational training and education in developed countries in Asia Pacific (excluding Japan) and Malaysia (the "**Comparable Companies**").

We have had discussions with the management about the suitability and reasonableness of the Comparable Companies acting as a basis for comparison with the 8VIC Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the Comparable Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of the 8VIC Group.

Shareholders may wish to note that there may not be any company listed that is directly comparable to the 8VIC Group in terms of, *inter alia*, market capitalisation, size, diversity of business activities, asset base, geographical spread, customer base, brand loyalty, track record, financial performance, future prospects, operating and financial leverage, liquidity, risk profile, quality of earnings and accounting and such other relevant criteria.

As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Companies. Therefore, any comparison made serves only as an illustrative guide for the Shareholders. The list of Comparable Companies is by no means exhaustive.

In our assessment of the financial terms of the Proposed Acquisition, we have considered the following widely used valuation measures:

| Valuation measures | General description |
|--|---|
| Price-to-earnings ("P/E") | The historical P/E ratio is commonly used for the purpose of illustrating the profitability, and hence valuation, of the company |
| Enterprise value-to-earnings before interest, tax, depreciation and amortisation ("EV/EBITDA") | The EV/EBITDA ratio serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance. |

We have also considered the Price-to-NAV ("**P/NAV**") measure, which illustrates the extent the value of each share is backed by its net assets. However, given that the 8VIC Group is in the service industry and that the value of the business is not derived from its assets, we are of the opinion that any comparison analysis to be performed based on the P/NAV measure would not be meaningful.

Details of the Comparable Companies are set out below:

| Company | Business Description |
|--|--|
| 3P Learning Limited (" 3P ") <i>Listed on the ASX</i> | 3P provides educational services. The company owns and operates a website for students, teachers and mathematics coordinators with a focus on e-learning of mathematics. 3P serves the kindergarten through twelfth grade curriculum in Australia. |
| Academies Australasia Group Limited (" AA ") <i>Listed on the ASX</i> | AA grants baccalaureate and graduate degrees. The college offers degrees in accounting, language, information technology, management, marketing, tourism, and sports and fitness. AA serves students in Australia and Singapore. |
| CMS Edu Co., Ltd (" CMS ") <i>Listed on the KRX</i> | CMS manages private educational institutes and affiliates. The company also develops educational programs and publishes learning materials. |
| Digital Daesung Co., Ltd (" DD ") <i>Listed on the KRX</i> | DD provides on-line and off-line educational programs to primary and high school students. The company offers college entrance test preparatory courses, testing, e-learning, and college admission advisory services. |
| Goldway Education Group Limited (" Goldway ") <i>Listed on the HKSE</i> | Goldway provides educational services. The company offers primary and secondary tutoring services. Goldway serves students in Hong Kong. |
| JLS Co., Ltd (" JLS ") <i>Listed on the KRX</i> | JLS operates both off-line and on-line language schools. The company manufactures and sells educational material used in its institutes. JLS manufactures network devices, such as fiber optic multiplexer, data transmission units, and community antenna television (CATV) transmission units. |
| Kip McGrath Education Centres Limited (" KME ") <i>Listed on the ASX</i> | KME is a franchiser of education centers that provide tutoring services to children ages 6-16. The centers aid children in a variety of subject matters including mathematics, reading, spelling and English. |
| MegaStudyEdu Co., Ltd (" MSE ") <i>Listed on the KRX</i> | MSE offers online and offline educational programs to middle and high school students. The company provides college entrance test preparatory courses, e-learning, and college admission advisory services. |
| Multicampus Co., Ltd (" MC ") <i>Listed on the KRX</i> | MC provides web-based e-learning services for business, such as, finance, language, computer, management, information technology. The company also offers internet contents, network system management. |
| Neungyule Education, Inc (" Neungyule ") <i>Listed on the KRX</i> | Neungyule produces and publishes English learning materials, such as books, cassettes, and video tapes. The company also operates English education facility and provides on-line education through Internet. |

| Company | Business Description |
|--|---|
| Overseas Education Limited ("OEL") <i>Listed on the SGX-ST</i> | OEL is a private foreign school system in Singapore offering the K-12 IB curriculum. The company provides a globalised multi-cultural environment to children aged between 3 and 18 years. |
| Redhill Education Limited ("Redhill") <i>Listed on the ASX</i> | Redhill offers educational courses for adults. The company offers English language, English teacher training, information technology, business and design courses. |
| SEG International Bhd ("SEG") <i>Listed on the Bursa Malaysia</i> | SEG is an investment holding company. The company through its subsidiaries, provides professional, commercial, and academic educational institution, operates commercial colleges, and provides education facilities, training centers, and job placement consultancy services. |
| UCW Limited ("UCW") <i>Listed on the ASX</i> | UCW operates as an investment company. The company builds and grows private education business in the vocational education and training sector. UCW operates in Australia. |

Source: Bloomberg L.P.

The ratios of the Comparable Companies based on their latest transacted prices and their latest financials are set out below. Shareholders should note that the comparisons between the 8VIC Group and the Comparable Companies below are affected by differences in financial periods, accounting policies and valuation composition of the businesses and our analysis has not been adjusted for such differences.

| Comparable Companies | Market capitalisation as at the Latest Practicable Date (S\$' million) | LTM P/E ⁽¹⁾⁽³⁾ (times) | LTM EV/EBITDA ⁽²⁾⁽³⁾ (times) |
|---|---|--------------------------------------|---|
| 3P | 182.9 | 17.4 | 11.5 |
| AA | 50.3 | 7.9 | 6.0 |
| CMS | 190.1 | 17.9 | 13.2 |
| DD | 101.9 | 8.3 | 5.6 |
| Goldway | 62.1 | 153.2 ⁽⁴⁾ | 70.1 ⁽⁴⁾ |
| JLS | 149.8 | 16.4 | 9.4 |
| KME | 23.5 | 15.6 | 7.0 |
| MSE | 116.4 | 76.9 ⁽⁴⁾ | 5.6 |
| MC | 240.3 | 14.4 | 8.2 |
| Neungyule | 79.7 | 17.2 | 4.8 |
| OEL | 155.8 | 33.2 | 10.5 |
| Redhill | 59.7 | 33.0 | 13.1 |
| SEG | 264.9 | 25.6 | 16.2 |
| UCW | 16.6 | 72.6 ⁽⁴⁾ | 27.5 ⁽⁴⁾ |
| Maximum | | 33.2 | 16.2 |
| Minimum | | 7.9 | 4.8 |
| Mean | | 18.8 | 9.3 |
| Median | | 17.2 | 8.8 |
| 8VIC Group (implied by the Purchase Consideration)⁽⁵⁾ | 66.8 | 17.7 | 16.6 |

Source: Bloomberg L.P. and annual reports and financial results announcements of the Comparable Companies

Notes

- (1) EPS figures are based on the last twelve months ("LTM") financial results as at the Latest Practicable Date.
- (2) EBITDA figures are based on the LTM financial results as at the Latest Practicable Date. EV of the companies are based on their respective market capitalisations as at the Latest Practicable Date, except for the 8VIC Group whose EV is based on the Issue Price, and the consolidated net debt and minority interest figures set out in the latest available published financial statements as at the Latest Practicable Date.
- (3) EBITDA and net income figures have been adjusted for any significant impairment and fair value gain/losses for the 8VIC Group and the respective Comparable Companies.
- (4) Excluded as statistical outliers.
- (5) Based on the unaudited consolidated profit after tax of the 8VIC Group for FY2017 of S\$3.8 million assuming 8VIC owns 100% of FJI on 1 April 2016.

Based on the above analysis, we note the following:

- (i) the P/E ratio of the 8VIC Group is within range, lower than the mean but higher than the median of the P/E ratios of the Comparable Companies; and
- (ii) the EV/EBITDA ratio of the 8VIC Group is slightly above the range of the EV/EBITDA ratios of the Comparable Companies.

5.7 Proposed Acquisition is earnings accretive

We understand that with the Proposed Acquisition, the Company will be acquiring a profitable business which will improve the earnings per Share of the Group. The financial effects, set out below, are for illustrative purposes and do not necessary reflect the actual financial performance and position of the Group.

Earnings per Share

| | FY2017 | After issuance and allotment of the Consideration Shares |
|--|-------------|--|
| Net profit attributable to Shareholders (S\$'000) | 1,111 | 4,888 ⁽¹⁾ |
| Weighted average number of Shares | | |
| - pre-Proposed Share Consolidation | 683,581,808 | 2,208,797,808 |
| - post-Proposed Share Consolidation | 13,671,636 | 44,175,956 |
| Earnings per Share (cents) | | |
| - Basic and diluted | | |
| - pre-Proposed Share Consolidation | 0.16 | 0.22 |
| - post-Proposed Share Consolidation | 8.13 | 11.06 |

Note

- (1) After adjusting for the unaudited consolidated profit after tax of the 8VIC Group for FY2017 of S\$3.8 million assuming 8VIC owns 100% of FJI on 1 April 2016.

5.8 Other relevant considerations

5.8.1 Approval of the Proposed Whitewash Resolution is a condition precedent of the Proposed Acquisition

The Proposed Acquisition is conditional on, *inter alia*, the approval of the Proposed Whitewash Resolution. Accordingly, if the Independent Shareholders do not vote in favour of the Proposed Whitewash Resolution, the Proposed Acquisition will not take place.

5.8.2 Implications of the Proposed Whitewash Resolution

Shareholders should note that by voting in favour of the Proposed Whitewash Resolution, they will be waiving their rights to receive the general offer from 8IH at the highest price paid by 8IH and its concert parties for Shares which 8IH would otherwise be obliged to make at the highest price paid or agreed to be paid by them for the Shares in the past six (6) months preceding the commencement of the offer.

The issue of the Consideration Shares will result in 8IH holding Shares carrying more than 49% of the voting rights of the Company, and 8IH and its concert parties will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer for the Company.

5.8.3 Dilution effect to the existing Shareholders

Assuming the issue and allotment of the Consideration Shares, the shareholding structure of the Company will change significantly and the collective shareholding interest of the existing Shareholders in the Company will be diluted significantly.

The potential dilution effect is illustrated as follows:

| | As at the Latest Practicable Date | | | After the issuance and allotment of the Consideration Shares | | |
|--|---|--|---------------|--|--|---------------|
| | No. of Shares (pre-Proposed Share Consolidation) | No. of Shares (post-Proposed Share Consolidation) | % | No. of Shares (pre-Proposed Share Consolidation) | No. of Shares (post-Proposed Share Consolidation) | % |
| <u>Directors</u> | | | | | | |
| Clive Tan Che Koon | - | - | - | - | - | - |
| Ivan Ong Shao Kuang | 60,830,000 | 1,216,600 | 9.31 | 60,830,000 | 1,216,600 | 2.79 |
| Zane Robert Lewis | 10,000 | 200 | - | 10,000 | 200 | - |
| <u>Substantial Shareholders</u> | | | | | | |
| Champion Star United Inc | 155,140,000 | 3,102,800 | 23.73 | 155,140,000 | 3,102,800 | 7.12 |
| Aden Venture Limited | 51,663,378 | 1,033,267 | 7.90 | 51,663,378 | 1,033,267 | 2.37 |
| Summerhill Group Pte Ltd | 37,060,000 | 741,200 | 5.67 | 37,060,000 | 741,200 | 1.70 |
| 8I Holdings Limited ⁽¹⁾ | 70,637,710 | 1,412,754 | 10.81 | 1,519,592,910 | 30,391,858 | 69.74 |
| Glorymont Ltd | - | - | - | 76,260,800 | 1,525,216 | 3.50 |
| Other Shareholders | 278,322,912 | 5,566,458 | 42.58 | 278,322,912 | 5,566,458 | 12.77 |
| Total | 653,664,000 | 13,073,280 | 100.00 | 2,178,880,000 | 43,577,600 | 100.00 |

Notes

- (1) Includes 66,251,000 Shares held by 8 Business Pte Ltd., a wholly-owned subsidiary of 8IH.
- (2) The differences between the listed percentages and the totals thereof are due to rounding.

5.8.4 Change in controlling shareholder

Pursuant to the issuance and allotment of the Consideration Shares, 8IH will hold more than 50% of the enlarged share capital and become the major and single largest controlling Shareholder of the Company. As a major Shareholder, 8IH will be able to pass all ordinary resolutions (other than resolutions that 8IH has an interest in and accordingly has to abstain from voting) that are tabled for voting at general meetings.

Independent Shareholders should also note that the Company will be in a relatively less favourable position, in the context of interest from potential parties seeking control for the Company or who may have intentions to acquire a significant interest or control of the Company and thus, it may be less likely for a third party to make a takeover offer for the Company without the support of 8IH and its concert parties.

5.8.5 No immediate impact on cash flow

The Purchase Consideration for the Proposed Acquisition is to be fully satisfied by the issuance of the Consideration Shares. No cash will be payable as consideration towards the Proposed Acquisition. As such, the Proposed Acquisition will not immediately affect the Group's cash flow. In addition, as the Purchase Consideration is fully satisfied by the allotment and issuance of the Consideration Shares, no debt or borrowings has to be raised by the Company as a result of the Proposed Acquisition.

5.8.6 No moratorium undertaking

We note that there is no moratorium undertaking from 8IH. As there is no moratorium undertaking, Shareholders should note that 8IH is able to and may dispose of its Consideration Shares subsequent to the allotment and issuance of such shares.

5.8.7 No assurance of future profitability

Although the Proposed Acquisition are expected to improve the share capital base and potentially the market capitalisation of the Company, Shareholders should note that there is no assurance that the Company will be profitable after completion of the Proposed Acquisition.

5.8.8 No assurance of future liquidity and the market price for the Shares

We note that the trading liquidity of the Shares has been low for the 12-month period prior to the Announcement Date up to the Latest Practicable Date. Independent Shareholders should note that there is no assurance on the liquidity of the market for the Company's Shares and whether an active trading market for the Shares will develop after the completion of the Proposed Acquisition.

5.8.9 No alternative investment or acquisition opportunity

We have considered whether there are any alternative investment or acquisition opportunities for the Company. Based on the discussions with the Board and the Management of the Company, we were given to understand that the Company has been open to consider other alternative investment or acquisition opportunities from third parties. However, as at the Latest Practicable Date and at the time of the consideration of the Proposed Acquisition, the Board and the Management have confirmed to MSCF that the Company has not received any other viable alternative investment or acquisition opportunities which they believe to be more attractive to the Shareholders. MSCF has not independently verified whether there have been any alternative viable investment or acquisition opportunities.

6. SUMMARY OF ANALYSIS

In arriving at our opinion in respect of the Proposed Whitewash Resolution, we have taken into account, reviewed and examined all factors, which we consider to be pertinent and to have a significant bearing on our assessment of the Proposed Whitewash Resolution, including the following factors summarised below. Shareholders should be advised to read the following factors in conjunction with, and in the context of, the full text of this IFA Letter:

(a) Rationale for the Proposed Acquisition

The Proposed Acquisition will present an opportunity for the Company to synergize with the businesses of 8VIC and will also allow the Company to acquire a profitable business with healthy operating cash flows.

(b) Historical performance of the Group

The Group recorded an increase in revenue from FY2016 to FY2017 as a result of the increase in revenue from all 3 segments, namely the creatives segment, media segment and solutions segment. The Group reported profits for FY2016 and FY2017. For FY2017, the Group recorded a net profit due mainly to the gain on disposal of a wholly-owned subsidiary. We also wish to highlight that the Group had negative operating cashflow for both FY2016 and FY2017.

(c) Historical performance of the 8VIC Group

The 8VIC Group recorded an increase in revenue from FY2015 to FY2017 as a result of the acquisition of FJI and higher subscription fees. The higher revenue translated to higher profits.

(d) Dividend track record of 8VIC

We note that 8VIC had declared dividends in FY2014, FY2015 and FY2017.

(e) Issue Price of the Consideration Shares

The Issue Price represents a discount of approximately 47.87%, 22.44% and 2.90% to the VWAP of the Shares over the 1 year, 6-month period and 3-month period prior to the Announcement Date respectively and a premium of approximately 16.29% over the VWAP of the Shares over the 1-month period.

The Issue Price represents a premium of approximately 20.0% over the last traded price of the Shares on the last day prior to the Announcement Date and is at a premium of 5.0% over the last traded price of the Shares on the Latest Practicable Date.

We note that the trading liquidity of the Shares has been low for the 12-month period prior to the Announcement Date and up to the Latest Practicable Date.

With the general downward trend of the Share price for the 1-year prior to the Announcement Date and the low liquidity of the Shares, the historical Share price may not reasonably reflect its fair value and serve as a good benchmark to determine the fairness and reasonableness of the Issue Price.

The Issue Price also represents a premium of 90.9% and 121.1% over the NAV per Share and NTA per Share respectively.

(f) Valuation statistics of selected companies broadly comparable to the 8VIC Group

The P/E ratio of the 8VIC Group is within range, lower than the mean but higher than the median of the P/E ratios of the Comparable Companies.

The EV/EBITDA ratio of the 8VIC Group is slightly above the range of the EV/EBITDA ratios of the Comparable Companies.

(g) Proposed Acquisition is earnings accretive

The Company will be acquiring a profitable business which will improve the earnings per Share of the Group.

(h) Other relevant considerations

We have also considered the other relevant considerations as set out in Section 5.8 of this IFA Letter.

7. RECOMMENDATION

Having regard to the analysis set out in this IFA Letter and information available as at the Latest Practicable Date, we consider that the terms of the Proposed Acquisition, which is the subject of the Proposed Whitewash Resolution, are fair and reasonable.

In determining that the terms of the Proposed Acquisition are fair and reasonable, we have considered the following pertinent factors:

1. the Share price of the Company has been on a downward trend, trading from a high of S\$0.135 to a low of S\$0.034. Although the Issue Price of S\$0.042 is at a discount to the VWAP of the Shares over the 1-year, 6-month period and 3-month period prior to the Announcement Date, the Issue Price is at a premium over the last traded price of S\$0.035 and the VWAP of the Shares over the 1-month period prior to the Announcement Date. In any case, the trading volume of the Shares has been consistently low at less than 0.1% of the free float and hence the historical Share price may not serve as a good benchmark to reasonably reflect its fair value in view of its illiquidity;
2. the Issue Price represents a premium of 90.9% and 121.1% over the NAV and NTA per Share respectively;
3. the P/E ratio of the 8VIC Group is within range, lower than the mean but higher than the median of the P/E ratios of the Comparable Companies; and
4. the Company is loss-making (after excluding the gain on disposal of subsidiaries) and has negative operating cashflow in FY2017, while the 8VIC Group is profitable. The Proposed Acquisition would be earnings accretive to the Group;

although we note that the EV/EBITDA ratio of the 8VIC Group is slightly above the range of the EV/EBITDA ratios of the Comparable Companies.

Based on our assessment of the terms of the Proposed Acquisition as set out above, we advise the Recommending Directors to recommend that Independent Shareholders vote in favour of the Proposed Whitewash Resolution.

In rendering the above advice, we have not given regard to any general or specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints or other particular circumstances of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, accountant, legal, financial, tax or other professional adviser immediately. The opinion and advice of MSCF should not be relied upon by any Shareholder as the sole basis for deciding whether or not to vote for or against the Proposed Whitewash Resolution, as the case may be.

This IFA Letter is addressed to the Recommending Directors for their reference and benefits in relation to and for the purpose of their consideration of the Proposed Whitewash Resolution. Any recommendation made by the Recommending Directors to the Independent Shareholders shall remain the sole responsibility of the Recommending Directors.

This IFA Letter is governed by, and construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not give implication to any other matter. This IFA Letter does not take into account and does not seek to comply with the rules and regulations, including but not limited to ASX listing rules and takeover regulations of Australia or any other jurisdictions other than Singapore.

Yours faithfully,
For and on behalf of
MS Corporate Finance Pte. Ltd.



Mick Aw
Director


Juay-Sze Sin
Director



Digimatic Group

ARBN 605 944 198

LODGE YOUR INSTRUCTION



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X99999999999

CDI VOTING INSTRUCTION FORM

STEP 1

DIRECTION TO CHESS DEPOSITARY NOMINEES PTY LTD

I/We being a holder of CHESS Depositary Interests (CDIs) of Digimatic Group Ltd (**Company**) hereby direct CHESS Depositary Nominees Pty Ltd (**CDN**) to vote the shares underlying my/our CDI holding at the General Meeting of stockholders of the Company to be held at **8am (SST) on Thursday, 23 November 2017 at 10 Anson Road International Plaza #10-26, Singapore 079903**, and at any adjournment or postponement of that Meeting, in accordance with the following directions. By execution of this CDI Voting Instruction Form the undersigned hereby authorises CDN to appoint such proxies or their substitutes in their discretion to vote in accordance with the directions set out below.

VOTING INSTRUCTIONS

Voting instructions will only be valid and accepted by CDN if they are signed and received no later than 72 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

| | For | Against | Abstain* | | For | Against | Abstain* |
|--|--------------------------|--------------------------|--------------------------|---------------------------------|--------------------------|--------------------------|--------------------------|
| 1 Consolidation of capital | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 5 Proposed Whitewash Resolution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Approval to change in scale | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 3 Approval to acquire substantial asset from substantial shareholder | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| 4 Approval to issue Consideration Shares to Vendors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |



* If you do not mark the "For", "Against" or "Abstain" box your vote will not be counted.

STEP 3

SIGNATURE OF CDI HOLDERS – THIS MUST BE COMPLETED

CDI Holder 1 (Individual)

Sole Director and Sole Company Secretary

Joint CDI Holder 2 (Individual)

Director/Company Secretary (Delete one)

Joint CDI Holder 3 (Individual)

Director

This form should be signed by the CDI Holder in accordance with the instructions overleaf.

DMC PRX1703I



HOW TO COMPLETE THIS CDI VOTING INSTRUCTION FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's CDI register. If this information is incorrect, please make the correction on the form. CDI Holders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your CDIs using this form.**

DIRECTION TO CHESSE DEPOSITARY NOMINEES PTY LTD

Each CHESSE Depositary Interest (CDI) is evidence of an indirect ownership in the Company's shares of common stock (Shares). The underlying Shares are registered in the name of CHESSE Depositary Nominees Pty Ltd (CDN). As holders of CDIs are not the legal owners of the Shares, CDN is entitled to vote at the Meetings of stockholders on the instruction of the registered holders of the CDIs.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either holder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with Link. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: with respect to an Australian company, where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

LODGEMENT OF A CDI VOTING INSTRUCTION FORM

This CDI Voting Instruction Form (and any Power of Attorney under which it is signed) must be received at an address given below by **8am (SST) on Monday, 20 November 2017**, being not later than 72 hours before the commencement of the Meeting. Any CDI Voting Instruction Form received after that time will be invalid.

CDI Voting Instruction Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the CDI Voting Instruction Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, stockholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the CDI Voting Instruction Form).



BY MAIL

Digimatic Group Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* in business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).