
Sebata Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1998/003821/06)
Share code: SEB ISIN: ZAE000034435
("Sebata" or "the Company")

DISPOSAL OF INTEREST IN SUBSIDIARY

1. INTRODUCTION

The board of directors of Sebata ("Board") is pleased to advise shareholders that the Company has entered into a share repurchase agreement ("the Agreement") with Mubesko Africa Proprietary Limited ("Mubesko" or "the Purchaser"), Nico Johan de Kock ("Nico") and Martina de Kock ("Martina") for the disposal by Sebata of its 50% (fifty percent) shareholding in the issued share capital of Mubesko ("the Disposal"). In terms of the Agreement, Mubesko will repurchase its own shares from Sebata, which will then be immediately cancelled.

2. THE DISPOSAL

2.1 Nature of the business of Mubesko

Mubesko is a consulting practice which offers accounting and professional services, budgeting services and public sector financial management and accounting training. Mubesko focuses primarily on delivering accounting and asset-orientated engineering services to the government-sphere. The 50% (fifty percent) shareholding in Mubesko which was not held by Sebata is held by Nico and Martina.

2.2 Rationale for the Disposal and application of sale proceeds

Given that Sebata has developed an internal capacity to provide the same services as Mubesko through its own accounting and professional services division, all parties agreed that there was little business sense in Sebata retaining its shareholding in Mubesko. As Sebata held a 50% (fifty percent) shareholding in Mubesko, earnings could be better deployed in Sebata's internal accounting and professional services division, where no minority shareholding exists.

The Board intends to reinvest the proceeds of the Disposal to further generate organic growth and to fund internal working capital.

2.3 Consideration for the Disposal

The consideration payable by Mubesko is an amount of R43 122 594 (forty-three million one hundred and twenty-two thousand nine hundred and fifty-four rand) which will be settled as follows:

- 2.3.1 an amount of R23 122 954 (twenty-three million one hundred and twenty-two thousand nine hundred and fifty-four rand), owed by Sebata and its subsidiaries to Mubesko, to be set off against the consideration;
- 2.3.2 an amount of R10 million (ten million rand) in cash within three business days of the date of signature of the Agreement; and
- 2.3.2 an amount of R10 million (ten million rand) in cash within 30 business days of the date of signature of the Agreement.

The share certificate in respect of the 25 issued shares held by Martina shall be held in escrow by Mubesko's auditors pending payment of the amount referred to in paragraph 2.3.2 above. Accordingly, in the event of non-performance, the Company will be restored to its original equity position, whereby it owns 50% of the issued share capital of Mubesko.

2.3 Conditions precedent to the Disposal and effective date

All conditions precedent in respect of the Disposal have been fulfilled.

The Effective Date of the Agreement is 1 May 2019.

3. FINANCIAL INFORMATION

The unaudited value of the net assets of Mubeko as at 31 March 2019 was R50 266 24.

The unaudited profit after tax of Mubeko for the year ended 31 March 2019 was R5 632 820.

The annual financial statements for the year ended 31 March 2019, which is derived from management accounts and is currently in the process of being audited, is prepared in accordance with International Financial Reporting Standards and the Companies Act, 2008 (Act 71 of 2008), as amended. Sebata is satisfied with the quality of such management accounts.

4. CLASSIFICATION OF THE DISPOSAL

The Disposal is categorised as a category 2 transaction in terms of the Listings Requirements of JSE Limited.

Johannesburg
7 May 2019

Sponsor
Merchantec Capital