

MUSTEK LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1987/070161/06)
Share Code: MST
ISIN Code: ZAE 000012373
("Mustek" or "the company" or "the Group")

**DISPOSAL BY RECTRON HOLDINGS LIMITED ("RECTRON") OF RECTRON
ELECTRONICS PROPRIETARY LIMITED ("RECTRON AUSTRALIA")**

1. Introduction

Shareholders are advised that Rectron, a wholly owned subsidiary of Mustek, has entered into a Sale and Purchase Agreement ("agreement") dated 11 February 2016 whereby Rectron will dispose of its 100% stake ("sale shares") in Rectron Australia, a distributor of IT equipment, to IG3 Education Limited ("the purchaser" or "IG3") for a total cash consideration of AUD 1 059 476,10 ("purchase price"), with effect from the effective date, being 1 October 2015 ("the transaction").

The purchase price is not subject to any performance conditions.

2. Rationale

The transaction is part of the Group's drive to dispose of non-performing, non-core assets. The proceeds will be used to reduce the Group's debt.

3. Salient terms

In terms of the agreement, Rectron shall dispose of 100% of the shares in Rectron Australia to the purchaser for the purchase price. The purchase price payable by the purchaser to Rectron for the sale shares shall be satisfied as follows:

- 50% of the purchase price ("the First Tranche") on or before 1 October 2016; and
- the balance ("the Second Tranche") on or before 1 April 2017.

As continuing covering security for the purchaser's obligations under the purchase price, the purchaser shall cede and pledge the sold shares to the seller. Should the purchaser fail to make payment on the due date, then the First Tranche (or any unpaid part thereof) and the Second Tranche shall be deemed to be a loan by the seller to the purchaser, which loan shall be payable in 60 equal instalments, commencing from the 1st day of the month following the month in which demand for payment is made. The indebtedness shall attract interest at the interbank rate plus 2% commencing from 1 October 2016 until all indebtedness has been discharged in full.

Rectron has provided warranties in relation to the transaction which are standard for transactions of this nature.

4. Conditions precedent

There are no conditions precedent.

5. Categorisation as a small related party transaction

David Kan, the Mustek CEO is a 38% shareholder in IG3 Research & Applications Proprietary Limited which holds a 62.97% stake in IG3 and the transaction is therefore deemed as a small related party transaction in terms of Section 10 of the Listings Requirements of the JSE Limited and no shareholder approval is required.

6. Net Asset Value and Profits of Rectron Australia

The net asset value of Rectron Australia at 31 December 2015 was R14 314 070 and included a deferred tax asset of R9 508 574.

The net loss after tax for the six months to 31 December 2015 was R2 224 810.

7. Opinions

Mustek has obtained a fairness opinion from an independent expert, BDO Corporate Finance Proprietary Limited, which indicated that the transaction is fair insofar as the shareholders of Mustek are concerned. The copy of the fairness opinion is available for inspection at the company's registered office for a period of 28 days from the date of this announcement.

The board of directors of Mustek have considered the terms and conditions of the transaction and after considering the opinion of the independent expert, is of the opinion that the transaction is fair to all of Mustek's shareholders.

8. Responsibility statement

The Mustek board accepts responsibility for the information contained in this announcement. To the best of their knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information included.

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12 February 2016

Sponsor: Deloitte & Touche Sponsor Services Proprietary Limited

Independent expert: BDO Corporate Finance Proprietary Limited