

GLOBAL YELLOW PAGES LIMITED
(Company Registration No. 200304719G)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION AND PARTIALLY UNDERWRITTEN RIGHTS ISSUE

- (1) **THE PROPOSED ACQUISITION OF GLOBAL INTELLECTUAL PROPERTY RIGHTS FOR GLORIA JEAN'S BRAND AND IT'S A GRIND BRAND, MASTER FRANCHISOR RIGHTS AND SUPPLY CHAIN BUSINESS ("PROPOSED ACQUISITION");**
 - (2) **PROPOSED RENOUNCEABLE PARTIALLY UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,257,682,564 NEW ORDINARY SHARES AT A RIGHTS ISSUE PRICE OF S\$0.05 FOR EACH RIGHTS SHARE ON THE BASIS OF 3 RIGHTS SHARE FOR EVERY 2 EXISTING ORDINARY SHARES AND ONE FREE DETACHABLE WARRANTS FOR EACH RIGHTS SHARE;**
 - (3) **PROPOSED PAYMENT OF SUB-UNDERWRITING FEES TO STANLEY TAN POH LENG;**
 - (4) **PROPOSED PAYMENT OF SUB-UNDERWRITING FEES TO SAM GOI SENG HUI.**
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1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Global Yellow Pages Limited (the "**Company**" and the Company together with its subsidiaries, the "**Group**") is pleased to announce the following:-

- (a) the Company has entered into a conditional share purchase agreement with Tea & Coffee Traders Pty Ltd acting as trustee for the Saleh Family Trust (the "**Vendor**") ("**Agreement**") to acquire (i) 100% equity interest ("**Sale Shares**") in Jireh Group Pty Limited ("**Australia Sale Company**") and certain agreed subsidiaries and (ii) if determined pursuant to the Restructuring (defined below), certain newly incorporated companies in the United States of America ("**USA**") (collectively the "**Sale Group**") (the "**Proposed Acquisition**"). The Sale Group owns the global "Gloria Jean's" and "It's A Grind" intellectual property rights, the global supply chain operations, and the master franchisor business for all Gloria Jean's stores and It's A Grind stores world-wide;
- (b) the Company is proposing to undertake a renounceable partially underwritten rights issue ("**Proposed Rights Issue**") of up to 1,257,682,564 new ordinary shares in the capital of the Company ("**Rights Shares**") and one free detachable warrant for each Rights Share at an issue price of S\$0.05 for each Rights Share (the "**Rights Issue Price**"), on the basis of 3 Right Shares for every 2 existing ordinary shares, as at a books closure date to be determined ("**Books Closure Date**"). Pursuant thereto, the Company has on 19 December 2013 entered into an underwriting agreement ("**Underwriting Agreement**") with UOB Kay Hian Private Limited (the "**Underwriter**") to partially underwrite up to 392,555,835 Rights Shares ("**Underwritten Rights Shares**") subject to the terms and conditions of the Underwriting Agreement;
- (c) Stanley Tan Poh Leng ("**Stanley Tan**") has executed an irrevocable undertaking with the Underwriter whereby he undertakes to subscribe up to a number equal to his pro

rata entitlement of 19,365,000 Rights Shares and 143,378,505 excess Rights shares under the Proposed Rights Issue ("**Stanley Tan Irrevocable Undertaking**"). In consideration thereof, the Underwriter will pay to Stanley Tan a sub-underwriting fee;

- (d) Mr. Sam Goi Seng Hui ("**Sam Goi**") has executed an irrevocable undertaking with the Underwriter to subscribe or procure subscription of up to 249,177,330 excess Rights Shares at the Rights Issue Price (the "**Sam Goi Irrevocable Undertaking**"). In consideration thereof, the Underwriter will pay to Sam Goi a sub-underwriting fee.

2. PROPOSED ACQUISITION

2.1 OVERVIEW

Pursuant to the Agreement, the Sale Group at completion of the Proposed Acquisition ("**Completion**") will be the legal and beneficial owner of the following businesses of the Vendor:

- (a) the business of owning the global intellectual property rights worldwide relating to the Gloria Jean's and It's A Grind brands, trademarks and service marks ("**IP Rights Business**");
- (b) the operation of a master franchisor business for the Gloria Jean's brand and It's A Grind brand granting master franchises to companies in the Vendor's group of companies ("**Vendor Group**") and to third parties ("**Master Franchisor Business**");
- (c) supply chain business of supplying coffee, coffee capsules and other products to corporate and third party retail outlets under the Gloria Jean's brand and It's A Grind brand ("**Supply Chain Business**");

(collectively, the "**Acquired Businesses**").

In connection with the Proposed Acquisition, the Vendor will undertake, prior to completion of the Proposed Acquisition, a restructuring in such manner to be mutually agreed between the Vendor and the Company ("**Restructuring**") so as to achieve the below objectives:

- (a) transfer the intellectual property used in the Acquired Businesses, to such companies incorporated in such jurisdictions to be determined by the parties;
- (b) remove those subsidiaries which are not part of the Acquired Businesses as subsidiaries of the Australia Sale Company;
- (c) assumption of a shareholder debt of A\$13 million by the Sale Group ("**US Shareholder Loan Debt**").

The Gloria Jean's group (comprising, *inter alia*, the Acquired Businesses) is a leading global supplier of coffee and franchising services to over 800 Gloria Jean's coffee outlets in 39 markets worldwide including 400 locations across Australia. The It's A Grind brand has coffee outlets in USA and Malaysia.

2.2 INFORMATION ABOUT THE VENDOR AND THE OTHER NON-ACQUIRED BUSINESSES

The Vendor Group owns Gloria Jean's Coffees, a leading global specialty coffee and coffee house chain with over 800 coffee houses across 39 countries worldwide; It's A Grind, a neighbourhood coffee house chain with over 35 outlets in USA and a coffee roasting

business supplying coffee to the retail, trade and to hospitality and institutional businesses, servicing major retailers in Australia and more recently, across the Asia region. The Vendor Group is ultimately owned substantially by Nabi Saleh who has over 40 years of experience in the tea, coffee and cocoa industries around the world.

The Vendor's Group carries out inter alia the following businesses:

- (a) IP Rights Business;
- (b) Master Franchisor Business;
- (c) the operation of a master franchisee business under the Gloria Jean's brand through corporate retail stores operated by the Vendor Group and through third party franchised retail stores globally ("**GJ Network and Franchise Business**");
- (d) the operation of a master franchisee business under the It's A Grind brand through corporate retail stores operated by Vendor Group and through third party franchised retail stores in the USA and Malaysia ("**IAG Network and Franchise Business**");
- (e) Supply Chain Business.

The Vendor Group also carries out the business of the roasting of coffee beans and the supply of roasted coffee beans, coffee capsules (including the supply of licensed Gloria Jean's brand capsules to third parties) and other related coffee products ("**Roasting Business**").

The Company had negotiated with the Vendor to purchase the Acquired Businesses as well as the other businesses namely the GJ Network and Franchise Business, IAG Network and Franchise Business and the Roasting Business ("**Other non-Acquired Businesses**"). However, having regard to the Company's current market capitalisation, and mindful of the Vendor's preference for an abridged timeline to Completion, the Directors decided not to undertake a transaction that would likely to fall under Rule 1015 (relating to very substantial acquisitions and reverse takeovers) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual. Accordingly, the Company has elected to purchase only the Acquired Businesses and introduced an independent businessman, Keith Chua, to invest in the Other non-Acquired Businesses. Maranatha GJC Holdings Pte Ltd (the investment vehicle of Keith Chua) and the Vendor have also successfully concluded negotiations for the investment by Maranatha GJC Holdings Pte Ltd of equity stakes in the Other non-Acquired Businesses. As such, the Vendor will be entering into agreements with Maranatha GJC Holdings Pte Ltd in relation to acquisition of equity stakes by Maranatha GJC Holdings Pte Ltd in the Roasting Business, GJ Network and Franchise Business and IAG Network and Franchise Business. Maranatha GJC Holdings Pte Ltd, Keith Chua and his associates do not own any Shares in the Company. Keith Chua has been the Managing Director for the Alby Group of companies for over 30 years. The Alby Group has held investments in various businesses including hotel, real estate, travel and trading. Around 2002, the Alby Group invested in ABR Holdings Limited, an SGX-ST listed company. Since 2004 Keith Chua has been the Executive Chairman of ABR Holdings Limited. ABR Holdings Limited is also the Gloria Jean's Coffees master franchisee for Singapore.

2.3 CONSIDERATION

The consideration for the purchase of the Sale Shares shall be an aggregate amount of Australian Dollars Thirty Five Million and Six Hundred Thousand (A\$35.6 million)

(approximately S\$40.7 million based on the SGD/AUD exchange rate of 1.144) (“**Consideration**”) subject to adjustments as provided below:

In the event the earnings before interest and tax of the Acquired Businesses for the financial year ended 30 June 2013 (“**2013 EBIT**”) is:

- (a) less than A\$13.4 million but more than A\$11.6 million, there will be no adjustment to the Consideration;
- (b) A\$11.6 million or less but more than A\$8 million, the Consideration will be reduced as follows:

$$R = (A\$11.6 \text{ million} - \text{AEBIT}) \times 6.5$$

Where:

“**R**” is the reduction in the Consideration;

“**AEBIT**” is the adjusted 2013 EBIT as determined in the review by Deloitte & Touche Tohmatsu, the auditors of the Sale Group.

The Consideration shall be paid as follows:

- (a) 80% of the Consideration (“**Cash Consideration**”) shall be paid in cash on Completion less the Deposit (as defined below) and other deductions as provided in the Agreement;
- (b) 20% of the Consideration (“**Share Consideration**”) shall be paid by way of the allotment and issuance of ordinary shares in the Company to the Vendor at the issue price of S\$0.07 (“**Consideration Shares**”). The Vendor will therefore receive 116,361,143 new ordinary shares in the capital of the Company.

It is provided in the Agreement that the Company will on Completion pay to the Vendor or as it may direct, a minimum sum (“**Minimum Sum**”) being S\$20.6 million (comprising the proceeds of the Proposed Rights Issue that is partially underwritten by the Underwriter) and such further amounts raised under the Proposed Rights Issue not exceeding the Consideration less Deposit and certain agreed deductions. The remaining Consideration (“**Remaining Cash Consideration**”) will be paid as follows:- (a) the Company will within 15 months after the date of Completion (“**Completion Date**”) reduce the Remaining Cash Consideration to below A\$5 million and (b) the balance of the Remaining Cash Consideration shall be paid on or before the second anniversary after the Completion Date; (c) interest of 5% per annum will be payable on the Remaining Cash Consideration; (d) the Company can by notice accelerate the payment of the Remaining Cash Consideration. If there is an insolvency event of the Company or the Company fails to pay down the Remaining Cash Consideration as provided in (a) above, the Vendor can accelerate the payment of the Remaining Cash Consideration.

2.4 DEPOSIT

The Company will pay the Vendor a deposit of A\$3.56 million (“**Deposit**”) on, *inter alia*, the following terms:

- (a) within five business days from the date of the Agreement into an interest bearing escrow account with the solicitors of the Vendor as the escrow agent pursuant to agreed escrow terms between the escrow agent and the parties. The Vendor shall

use its best endeavours to open a bank account to be jointly operated by the parties for which the Deposit shall be transferred to;

- (b) the Vendor may utilise the Deposit to make certain agreed or approved payments;
- (c) if Completion does not occur by 30 June 2014 ("**Long Stop Date**"), the Deposit shall be refunded to the Company within sixty business days unless the non-occurrence of Completion is caused by the material breach by the Company of the Agreement.

2.5 BASIS FOR THE CONSIDERATION

The Consideration was arrived at on a willing buyer-willing seller basis taking into account the following factors:-

- (a) the historical financial performance of the Acquired Businesses;
- (b) the rationale for the Proposed Acquisition as elaborated in section 2.8 below including the facts that (i) the Gloria Jean's brand is an established branded international specialty coffee business boasting a coffee house global chain of over 800 coffee houses across 39 countries worldwide; and (ii) the coffee drinking culture is growing in Asia and the Proposed Acquisition will provide the Group with a platform to tap into this growing trend in Asia, especially China;
- (c) the Gloria Jean's brand as a values-oriented socially responsible business delivering excellence in coffee and café culture has potential for further growth and the Proposed Acquisition is a significant and important strategic investment which will enable the Group to solidify its diversification into the food and beverage industry.

2.6 OTHER SALIENT TERMS OF THE PROPOSED ACQUISITION

2.6.1 CONDITIONS PRECEDENT

Completion of the Proposed Acquisition is conditional on the occurrence of, *inter alia*, the following:

- (a) the passing of the resolutions by the shareholders of the Company at an extraordinary general meeting to approve the Proposed Acquisition and approve the allotment and issue of the Consideration Shares and the Rights Shares;
- (b) the warranties of the Vendor being materially true and not misleading as at Completion (such that this condition will not be considered to be satisfied if there is a breach (or breaches) for an aggregate amount of A\$1,800,000 or more);
- (c) approval in principle from the SGX-ST for the listing and quotation of the Consideration Shares and Rights Shares on the SGX-ST being obtained and such approval not having been revoked or amended;
- (d) the Proposed Rights Issue successfully closing and raising proceeds of at least S\$20.6 million;
- (e) the execution of the irrevocable rights undertakings (including a voting undertaking) from each of Stanley Tan and Sam Goi;

- (f) completion of the Restructuring, including procuring any necessary change of control consents;
- (g) execution of the certain required agreed agreements in the agreed form namely (i) supply agreement(s) with the Roasting Business for the supply of roasted coffee beans, coffee capsules, coffee products and non- coffee products to the Supply Chain Business in the Sale Group, (ii) licensing and royalty agreements by the relevant entity in the Sale Group to the Roasting Business to grant to the Roasting Business a licence to use the Gloria Jean's marks on approved products to be supplied by the Roasting Business to third parties, (iii) network supply agreements between the Supply Chain Business in the Sale Group and the relevant entities in the GJ Network and Franchise Business and the IAG Network and Franchise Business for the supply by the Supply Chain Business of roasted coffee beans, coffee capsules and other products offered for sale in the corporate and third party franchised retail outlets; (iv) master franchise agreement between the relevant entity in the Vendor Group and the relevant entity in the Sale Group for the territory of China (in the agreed terms) and the USA in respect of the Gloria Jean's Coffees master franchise and (v) the master franchise agreement for It's A Grind for USA and Malaysia;
- (h) confirmation from the Securities Industry Council that Stanley Tan and Sam Goi and their respective concert parties are not considered to be parties acting in concert in connection with the respective parties' participation in the Proposed Rights Issue in the manner provided in the irrevocable rights undertakings;
- (i) financiers of the Sale Group and Vendor providing all consents or releases required under financing documents for Completion. To the extent this condition is not waived or satisfied as at the Completion Date as to the amount owing to Bankwest not exceeding A\$12.8 million ("**Bank Debt**"), the Company must ensure that companies within the Sale Group have the necessary funds and will on Completion repay the Bank Debt on behalf of the Vendor;
- (j) the personal guarantees provided by Nabi Saleh, Peter Irvine, their respective immediate family and affiliates being released or replaced ("**Nabi Personal Guarantees**" and "**Irvine Personal Guarantees**");
- (k) the delivery of audited carved out accounts of the Acquired Businesses;
- (l) the AEBIT (referred to in section 2.3 above) shall be at least A\$8 million;
- (m) the Vendor has executed a sale and purchase agreement with Peter Irvine to acquire the Peter Irvine's shares in the Australia Sale Company and such sale and purchase having been duly completed;
- (n) the Vendor obtaining counterparty consent to any change of control effected by the transactions contemplated by this Agreement.

If the conditions precedent have not been fulfilled or waived by the Long Stop Date, then the Agreement shall cease (save for certain agreed provisions) and none of the parties shall, save for antecedent breach, have any claim against the other for costs, damages, compensation or otherwise. The Company will from time to time release immediate announcements upon the Company becoming aware of the fulfilment, non-fulfilment or waiver thereof of the above said conditions precedent.

2.6.2 OTHER SALIENT TERMS

The other salient terms of the Agreement are, *inter alia* as follows:-

- (a) the Sale Shares of the Australia Sale Company are owned 87% by the Vendor and 13% owned by Peter Irvine respectively. It is provided in the Agreement that the Vendor shall sell the shares legally and beneficially owned by it and will procure the sale of the shares owned by Peter Irvine to the Vendor and the Vendor shall in turn sell those shares to the Purchaser;
- (b) on Completion, the Company shall ensure that the Sale Group repays the US Shareholder Loan Debt, the existing shareholder loan owned by the Australia Sale Company to the Vendor, Nabi Saleh, Peter Irvine and their affiliates of approximately A\$9 million ("**Existing Shareholder Loan**") and any repayment of the Bank Debt by the Vendor and its affiliates. The Vendor has warranted that save for the US Shareholder Loan and the Existing Shareholder Loan, there are no owings due from the Sale Group to the Vendor, Nabi Saleh, Peter Irvine and their affiliates;
- (c) the Vendor is responsible for all costs, taxes, duties, stamp duties, goods and services tax arising with the Restructuring except that the Company shall be responsible for the cost of any professional appointed by it in connection with the Restructuring;
- (d) if the Nabi Personal Guarantees and the Irvine Personal Guarantees are not released prior to Completion, the Vendor and the Company must use best endeavours to replace or release such guarantees ("**Condition Subsequent**"). The Company has provided an indemnity to indemnify Nabi Saleh and his affiliates and the Vendor from all costs and expenses suffers or incurs by reason of the non-fulfilment of the Condition Subsequent except if such non fulfilment is caused by the fault or negligent act of the Vendor. The Purchaser has also provided an indemnity to the Vendor for all costs and expenses it suffers or incurs by reason of the non-fulfilment of the Condition Subsequent in relation to the Irvine Personal Guarantees except if non fulfilment is caused by the fault or negligent act of the Vendor, the officers or agents of Peter Irvine;
- (e) the Vendor shall and shall procure that Nabi Saleh, the Executive Chairman of the Gloria Jean's Coffees group of businesses provide at no additional cost to the Group for a period of three years from the Completion Date the following services to ensure continuity of management in the Acquired Businesses namely advisory services on management, operational and human resources aspects of the Acquired Businesses and provision of technical knowledge to enable the Group to fully maximise the economic and other benefits of the Acquired Businesses;
- (f) the Vendor undertakes and shall procure that the Vendor Group shall not participate in the Proposed Rights Issue or take such steps such that the Vendor's equity interest in the Company after the Proposed Rights Issue exceeds 12.5%;
- (g) the Vendor has agreed that it and its affiliates will be bound by certain usual non-compete non-solicit restrictive covenants.

2.7 THE ACQUISITION IS A DISCLOSEABLE TRANSACTION AND OTHER INFORMATION

2.7.1 For the purposes of Chapter 10 of the Listing Manual and based on the latest announced audited financial statements for the Group for the financial year ended 31 March 2013

("FY2013"), the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

| Rule | Relative Computation | Size of relative figure |
|---------|--|----------------------------|
| 1006(a) | Net asset value of the assets to be disposed of, compared with the Group's net asset value | Not Applicable |
| 1006(b) | Net profits attributable to the assets acquired, compared with the Group's net profits | (11.9)% ^{(1),(2)} |
| 1006(c) | Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares | 66.9% ^{(2),(3)} |
| 1006(d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue | 17.1% ⁽⁴⁾ |
| 1006(e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | Not Applicable |

Notes:

(1) The net profit before income tax, minority interest and extraordinary items of the Acquired Businesses as at 30 June 2013 is A\$12.9m. The net loss before income tax, minority interest and extraordinary items of the Group as at 31 March 2013 is S\$124.4m.

(2) SGD/AUD exchange rate of 1.144.

(3) The Company weighted average share price of S\$0.0893 as at 17 December 2013 being the market day preceding the date of the Agreement. Source: Bloomberg.

(4) 116.4 million Consideration Shares proposed to be allotted and issued to Vendor at S\$0.07.

Based on the relevant figures computed under Rule 1006 of the Listing Manual, the Proposed Acquisition will be considered as a major transaction.

2.7.2 As at 30 June 2013, the book value of the Acquired Businesses in the accounts of the Vendor was A\$10.3 million. For financial year ending 30 June 2013, the net profit attributable to the Acquired Businesses was A\$9.1 million.

2.8 RATIONALE FOR THE ACQUISITION

In the announcement made by the Company on 28 May 2013, the Company stated that the management of the Company has been striving to diversify the Company's business so as to expand its operating base and enhance shareholders' value. In this regard, the Company has been actively looking at new business opportunities outside of its existing businesses such as the areas of real estate and food and beverage. As part of this strategy the Company invested in Yamada Green Resources Limited, a major supplier of edible

fungi, operating one of the largest mushroom cultivation bases in Fujian Province, PRC in June 2013.

The Proposed Acquisition is a continuation of the Company's strategy to invest in the food and beverage sector and accordingly, the Company has entered into the Agreement to acquire Acquired Businesses. Gloria Jean's Coffees is a leading supplier of coffee and franchising services to over 800 coffee houses across 39 countries worldwide. The Gloria Jean's brand is well-established in international markets and the Company believes there is significant potential for further expansion of the brand in Asia, especially China. The Proposed Acquisition is an opportunity for the Company to acquire a leading global coffee business with tremendous growth potential. The coffee drinking culture is growing fast in many Asian countries and the Directors believe that the Proposed Acquisition would provide it with a platform to tap into this growing trend in Asia.

3. RENOUNCEABLE PARTIALLY UNDERWRITTEN RIGHTS ISSUE

3.1 Rationale for the Proposed Rights Issue

The Company is proposing to undertake the Proposed Rights Issue to fund the Proposed Acquisition and to strengthen the Group's financial capacity by enlarging its capital base. If the Proposed Acquisition does not complete for any reason, the net proceeds of the Proposed Rights Issue will be used to fund future acquisitions and/ or working capital of the Group. The Proposed Rights Issue will also provide an opportunity to Shareholders to continue to participate in the diversification of the Group's business.

The Proposed Rights Issue will be subject to Shareholders' approval at an extraordinary general meeting.

3.2 Overview of the Renounceable Partially Underwritten Rights Issue

The Company is proposing to undertake a renounceable partially underwritten rights issue of up to 1,257,682,564 Rights Shares at the Rights Issue Price of S\$0.05 for each Rights Share, with up to 1,257,682,564 free detachable warrants ("**Warrants**"), each Warrant carrying the right to subscribe for one new Share ("**New Share**") at an exercise price of S\$0.07 ("**Exercise Price**") for each New Share, on the basis of three (3) Rights Shares for every two (2) existing Shares held at the Books Closure Date, fractional entitlements to be disregarded.

The Rights Shares are priced at S\$0.05 for each Rights Share representing a discount of approximately:

- (a) 43.8% to the closing price of S\$0.089 per Share on the SGX-ST as of 18 December 2013, being the last trading day of the Shares on the SGX-ST before this announcement;
- (b) 23.8% to the theoretical ex-rights price⁽¹⁾ of S\$0.0656 per Share.

Note:

- (1) The "theoretical ex-rights price" per Share is equal to (i) the sum of (a) the market capitalisation of the Company based on closing price of S\$0.089 per Share on the SGX-ST on 18 December 2013; and (b) the gross proceeds of the Proposed Rights Issue, divided by (ii) the total number of Shares in issue following the completion of the Proposed Rights Issue.

The Exercise Price of the Warrants representing a discount of approximately 21.3% to the closing price of S\$0.089 per Share on the SGX-ST as of 18 December 2013, being trades done on the Shares on the date of this announcement.

Eligible Shareholders (as defined below) are at liberty to accept (in full or in part), decline, renounce or trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares, and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.

The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the existing Shares save for any dividends, rights, allotments or other distributions, the record date for which is before the date of issue of the Rights Shares. For this purpose, "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

As at the date of this announcement, the existing issued share capital of the Company is 681,754,721 Shares (the "**Existing Share Capital**").

Assuming that the Rights Shares of 1,257,682,564 are fully taken up, the enlarged share capital of the Company will be 2,096,137,607 shares (the "**Enlarged Share Capital**") (excluding treasury shares), representing 307% of the Existing Share Capital.

Fractional entitlements to the Rights Shares, if any, will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up for any reason ("**Excess Rights Shares**"), be aggregated and allotted to satisfy applications for excess Rights Shares (if any) or be disposed of or otherwise dealt with in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company.

Excess Rights Shares will be allotted in such manner as the Board may, in its absolute discretion, deem fit in the interests of the Company subject to applicable laws and the Listing Manual. In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots and substantial Shareholders and Directors will rank last in priority.

The Warrants are immediately detachable from the Rights Shares upon issue and will be issued in registered form and will be traded on a book-entry (scripless) settlement basis on the SGX-ST upon the listing and quotation of the Warrants on SGX-ST, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market for the Warrants. Each Warrant, will, subject to the terms and conditions to be set out in a deed poll constituting the Warrants ("**Deed Poll**"), carry the right to subscribe for one (1) New Share at the Exercise Price, at any time during the period commencing on and including the date of issue of the Warrants and expiring on a date immediately preceding the fifth (5th) anniversary of the date of issue of the Warrants. The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll. The New Shares arising from the exercise of the Warrants will upon allotment and issue, rank *pari passu* in all respects with the then existing Shares save that they shall not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which is before the relevant date of exercise of the Warrants.

3.3 Use of Proceeds of the Proposed Rights Issue

In the **Minimum Rights Scenario** i.e. assuming that only the Underwritten Rights Shares are subscribed (and before exercise of the Warrants), based on 411,920,835 Rights

Shares, the gross proceeds is S\$20.6 million and the net proceeds after deducting estimated expenses of approximately S\$1.8 million is S\$18.8 million.

In the **Maximum Rights Scenario** i.e. assuming the Proposed Rights Issue is fully subscribed (and before exercise of the Warrants), based on 1,257,682,564 Rights Shares, the gross proceeds is S\$62.9 million and the net proceeds after deducting estimated expenses of approximately S\$1.8 million is S\$61.1 million.

In the Minimum Rights Scenario, it is assumed that the outstanding warrants of the Company will not be exercised prior to the Books Closure Date as the exercise price for such warrants is S\$0.175.

The Company intends to use the net proceeds of the Proposed Rights Issue to fund the Proposed Acquisition as well as provide the Company with additional working capital for the continuous development and expansion of the existing and acquired businesses of the Group. If the Proposed Acquisition does not complete for any reason, the net proceeds of the Proposed Rights Issue will be used to fund future acquisitions and/ or working capital of the Group.

Assuming all the Warrants are exercised, the estimated gross proceeds arising from the exercise of the Warrants will be approximately S\$28.8 million in the Minimum Rights Scenario and approximately S\$88.0 million in the Maximum Rights Scenario ("**Warrants Proceeds**"). The Company has not presently planned for any specific use of the Warrants Proceeds save to enhance the working capital of the Group for future growth and development of the business of the Group.

Pending deployment of the net proceeds of the Proposed Rights Issue and the Warrants Proceeds, such proceeds may be deposited with banks and/or financial institutions or used for investment in short-term money markets or debt instruments or used for other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Company.

The Company will make periodic announcements on the utilisation of such proceeds as the funds are disbursed and provide a status report on the use of the proceeds in the Company's annual report.

3.4 Partial Underwriting of the Proposed Rights Issue

The Underwriter has agreed to partially underwrite up to 392,555,835 Underwritten Rights Shares at the Rights Issue Price subject to the terms and conditions in the Underwriting Agreement and subject to the following:-

- (a) up to 392,555,835 Rights Shares if Shareholders approve the sub-underwriting fee payable by the Underwriter to both Stanley Tan and Sam Goi;
- (b) up to 143,378,505 Rights Shares if Shareholders do not approve the sub-underwriting fee payable by the Underwriter to Sam Goi.

The Underwriter will be entitled to underwriting commission of 3.50% of the aggregate Issue Price for the Underwritten Rights Shares of S\$686,973 subject to the following adjustments:- If Shareholders' approval for the payment of the sub-underwriting fee to Stanley Tan is not obtained for whatsoever reason, the underwriting commission will be revised to 1% of the Issue Price multiplied by 143,378,505 Rights Shares (i.e. S\$71,689) being the number of excess Rights Shares which Stanley Tan has undertaken to subscribe under the Stanley Tan Irrevocable Undertaking. Shareholders are to note that Stanley Tan

will still be bound to subscribe for the Rights Shares which he has undertaken to subscribe under the Stanley Tan Irrevocable Undertaking even if he does not receive a sub-underwriting fee if Shareholders do not vote in favour of the payment of the sub-underwriting fee to be paid by the Underwriter to Stanley Tan. Please refer to section 4.1 below for a further discussion of the matter.

If Shareholders' approval for the payment of the sub-underwriting fee to Sam Goi is not obtained for whatsoever reason, the underwriting commission of 3.50% in respect of the 249,177,330 excess Rights Shares which Sam Goi has undertaken to subscribe under the Sam Goi Irrevocable Undertaking will not be paid to the Underwriter. Shareholders are to note that the Underwriter will not be underwriting the 249,177,330 excess Rights Shares under the Sam Goi Irrevocable Undertaking if Shareholders do not vote in favour of the payment of the sub-underwriting fee to be paid by the Underwriter to Sam Goi and Sam Goi will not be bound to subscribe for the Rights Shares which he has undertaken to subscribe under the Sam Goi Irrevocable Undertaking. Sam Goi will also not receive a sub-underwriting fee from the Underwriter if Shareholders' approval is not obtained. Please refer to section 4.1 below for a further discussion of the matter.

It should be noted that the Underwriting Agreement may be terminated upon the occurrence of certain events, but the Underwriter is not entitled to invoke the force majeure clause in the Underwriting Agreement after ex-rights trading has commenced, in compliance with Rule 818 of the Listing Manual.

3.5 Conditions of the Proposed Rights Issue

In addition to the approval in-principle which has been granted by SGX-ST, Shareholders should note that the Proposed Rights Issue is subject to, *inter alia*, the following:

- (a) the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Main Board of the SGX-ST not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue;
- (b) the approval by the Shareholders for the Proposed Rights Issue and allotment and issue of the Rights Shares and the New Shares at the extraordinary general meeting to be convened;
- (c) the lodgement of the Offer Information Statement, together with all accompanying documents (if applicable) to be issued by the Company in connection with the Proposed Rights Issue with the MAS;
- (d) the Underwriting Agreement having become unconditional;
- (e) the approval by the shareholders of the Proposed Acquisition;
- (f) the Agreement not being terminated for any reason on or prior to the close of the Proposed Rights Issue.

3.6 Irrevocable Undertakings

The Underwriter has initiated discussions with Stanley Tan and Sam Goi with a view to securing sub-underwriting commitments from Stanley Tan and Sam Goi. The Underwriter has made it clear that it will not partially underwrite the Proposed Rights Issue unless Stanley Tan and Sam Goi each enter into the respective sub-underwriting arrangements.

The Underwriter has confirmed to the Directors that the discussion on the sub-underwriting arrangement with Stanley Tan and Sam Goi were initiated by the Underwriter and not by the sub-underwriters and the Underwriter will not underwrite the Proposed Rights Issue unless the sub-underwriters enter into the Stanley Tan Irrevocable Undertaking and the Sam Goi Irrevocable Undertaking.

Each of Stanley Tan and Sam Goi has provided written confirmation that each of them has sufficient financial resources to fulfil their obligations under the Stanley Tan Irrevocable Undertaking and Sam Goi Irrevocable Undertaking respectively.

3.6.1 Stanley Tan Irrevocable Undertaking

As at the date of this announcement, Stanley Tan has a direct interest in 12,910,000 Shares, representing approximately 1.9% of the total issued Shares of the Company.

To show his support for the Proposed Rights Issue and to demonstrate his commitment to and confidence in the prospects of the Company, Stanley Tan has executed the Stanley Tan Irrevocable Undertaking to the Underwriter pursuant to which he has agreed to subscribe for his entitlement under the Proposed Rights Issue and subscribe up to 143,378,505 excess Rights Shares. The actual number of excess Rights Shares that will be allocated to Stanley Tan for his subscription will be computed based on equal take up by each of Stanley Tan and Sam Goi of the total unsubscribed excess Rights Shares for the Proposed Rights Issue. The aggregate shareholding of Stanley Tan and his concert parties after the above subscription shall not exceed 29.9% of the enlarged share capital of the Company post the Proposed Rights Issue.

Stanley Tan's obligation to subscribe for the Rights Shares undertaken by him in the Stanley Tan Irrevocable Undertaking is not conditional upon him receiving the sub-underwriting commission. Please refer to section 4.1 below for a further discussion of the matter.

3.6.2 Sam Goi Irrevocable Undertaking

As at the date of this announcement, Sam Goi does not own any shares in the Company. Oregold Pte Ltd ("**Oregold**"), a company controlled by Sam Goi holds 76,738,000 shares in the Company.

To show his support for the Proposed Rights Issue and to demonstrate his commitment to and confidence in the prospects of the Company, Sam Goi executed the Sam Goi Irrevocable Undertaking to the Underwriter pursuant to which he has agreed that he and his concert parties will collectively subscribe or procure subscription of up to 249,177,330 excess Rights Shares. The actual number of excess Rights Shares that will be allocated to Sam Goi for his subscription will be computed based on equal take up by each of Stanley Tan and Sam Goi of the total unsubscribed excess Rights Shares for the Proposed Rights Issue. The aggregate shareholding of Sam Goi and his concert parties after the above subscription shall not exceed 29.8% of the enlarged share capital of the Company post the Proposed Rights Issue.

Sam Goi's obligation to subscribe for the Rights Shares undertaken by him in the Sam Goi Irrevocable Undertaking is conditional upon him receiving the sub-underwriting commission. Please refer to section 4.1 below for a further discussion of the matter.

4. PAYMENT OF SUB-UNDERWRITING FEE TO STANLEY TAN AND SAM GOI

4.1 Sub-underwriting arrangement

The payment of the sub-underwriting fees to Stanley Tan and Sam Goi is conditional upon shareholders' approval pursuant to Practice Note 8.2 of the Listing Manual.

As consideration for their respective irrevocable undertakings, Stanley Tan and Sam Goi will receive the following sub-underwriting commission from the Underwriter:

- (a) in the case of Stanley Tan, a sum of S\$179,223 being 2.5% of the total Rights Issue Price multiplied by the maximum number of excess Rights Shares under the Stanley Tan Irrevocable Undertaking. No sub-underwriting fee is paid for the undertaking by Stanley Tan to subscribe for his pro rata entitlement;
- (b) in the case of Sam Goi, a sum of S\$311,472 being 2.5% of the total Rights Issue Price multiplied by the maximum number of excess Rights Shares under the Sam Goi Irrevocable Undertaking.

The sub-underwriting commission to be paid to Stanley Tan and Sam Goi will be paid by the Underwriter out of its underwriting commission and will not lead to any additional cost to the Company over and above the underwriting commission payable to the Underwriter.

Stanley Tan's obligation to subscribe for the Rights Shares undertaken by him in the Stanley Tan Irrevocable Undertaking is not conditional upon him receiving the sub-underwriting commission. This means that Stanley Tan is still bound to subscribe for the Rights Shares undertaken by him subject to the limit that the aggregate shareholding of Stanley Tan and his concert parties after the subscription shall not exceed 29.9% of the enlarged share capital of the Company post the Proposed Rights Issue.

However, Sam Goi's obligation to subscribe for the Rights Shares undertaken by him in the Sam Goi Irrevocable Undertaking is conditional upon him receiving the sub-underwriting commission. This means that if shareholders do not vote in favour of the sub-underwriting commission to be paid to Sam Goi, Sam Goi will not be obligated to subscribe for the Rights Shares undertaken by him. Shareholders are to note that if Sam Goi elects not to take up the Rights Shares (as he is not obligated to do so in such an event), there is a risk that the Company may not be able to obtain gross proceeds of the Rights Issue of S\$20.6 million and in which event, the condition precedent referred to in section 2.6.1 (d) namely "the Proposed Rights Issue successfully closing and raising proceeds of at least S\$20.6 million will not be fulfilled". In which event, unless the parties agree to vary the Agreement to agree as to how the Minimum Sum (defined in section 2.3 above) will be settled, the Agreement will terminate and the Proposed Acquisition will not proceed.

There will be separate shareholders' resolutions seeking shareholders' approval for the proposed sub-underwriting commission proposed to be paid to Stanley Tan and for the proposed sub-underwriting commission proposed to be paid to Sam Goi. Stanley Tan and his associates and Sam Goi and his associates will be abstaining from voting on both of the above resolutions.

4.2 Rationale for the payment of sub-underwriting fee

Taking into account the fact that the sub-underwriting fees will be paid out of the underwriting commission of the Underwriter and that the sub-underwriting arrangements will likely result in an increased take up of the Proposed Rights Issue, the Directors (other than Stanley Tan who has abstained from the deliberation) consider that the terms of the sub-underwriting arrangement with Stanley Tan and Sam Goi are fair and not prejudicial to the Company or to other shareholders. The Directors confirm that the terms agreed between the Company and the Underwriter (including the payment of sub-underwriting fees to Stanley Tan and Sam Goi) are on arms' length and normal commercial terms.

5. FINANCIAL EFFECTS OF THE ACQUISITION AND THE PROPOSED RIGHTS ISSUE

- (a) For purposes of illustration, the financial effects of the Proposed Acquisition and the Proposed Rights Issue are based on, *inter alia*, the following assumptions:
- (i) the financial effects of the Proposed Acquisition and the Proposed Rights Issue are purely for illustrative purposes and should not be taken as an indication of the actual financial performance or position of the Group following the Proposed Acquisition and Proposed Rights Issue nor a projection of the future financial performance or position of the Group after completion of the Proposed Acquisition and Proposed Rights Issue;
 - (ii) for the purpose of computing the financial effects of the Proposed Acquisition and Proposed Rights Issue on the earnings of the Group, the Proposed Acquisition and Proposed Rights Issue are assumed to have been completed on 1 April 2012;
 - (iii) for the purpose of computing the financial effects of the Proposed Acquisition and Proposed Rights Issue on the NTA and NAV of the Group, the Proposed Acquisition and Proposed Rights Issue are assumed to have been completed on 31 March 2013;
 - (iv) the financial effects of the Proposed Acquisition are based on the Group's audited financial statements for the financial year ended 31 March 2013 and on the Acquired Businesses' financials for the financial year ended 30 June 2013;
 - (v) for the purposes of computing the financial effects of the Proposed Rights Issue, it is assumed that the Proposed Rights Issue is fully subscribed;
 - (vi) for the purposes of computing the financial effects of the Proposed Rights Issue, it is assumed that the outstanding warrants of the Company will not be exercised prior to Books Closure Date and hence the number of issued Rights Shares (on the basis that it is fully subscribed) is 1,022,632,081 Rights Shares.

(b) Net Tangible Assets (“NTA”)

| | As at 31 March 2013 | | |
|---------------------------------|---|---|--|
| | Before the Proposed Acquisition and Proposed Rights Issue | After Proposed Rights Issue and before Proposed Acquisition | After the Proposed Acquisition and Proposed Rights Issue |
| NTA | S\$10.6 million | S\$59.9 million | S\$(5.4) million |
| No. of shares | 499.6 million | 1,522.2 million | 1,638.6 million |
| NTA per share (Singapore cents) | 2.11 | 3.93 | (0.33) |

Assuming the Proposed Acquisition had closed on 31 March 2013, the Company would have negative NTA mainly because the Proposed Acquisition involves the acquisition of intangible assets such as the “Gloria Jean’s” and “It’s A Grind” intellectual property. These intangible assets constitute the majority of the asset balance in the Sale Group’s balance sheet.

(c) Net Asset Value (“NAV”)

| | As at 31 March 2013 | | |
|---------------------------------|---|---|--|
| | Before the Proposed Acquisition and Proposed Rights Issue | After Proposed Rights Issue and before Proposed Acquisition | After the Proposed Acquisition and Proposed Rights Issue |
| NAV | S\$61.3 million | S\$110.7 million | S\$118.2 million |
| No. of shares | 499.6 million | 1,522.2 million | 1,638.6 million |
| NAV per share (Singapore cents) | 12.28 | 7.27 | 7.21 |

(d) Loss per Share (“LPS”)

| | For financial year ended 31 March 2013 | | |
|---|---|---|--|
| | Before the Proposed Acquisition and Proposed Rights Issue | After Proposed Rights Issue and before Proposed Acquisition | After the Proposed Acquisition and Proposed Rights Issue |
| Net (loss) attributable to shareholders | S\$(124.3) million | S\$(124.3) million | S\$(113.9) million |
| Weighted average number of shares used | 499.6 million | 1,522.2 million | 1,638.6 million |

| | | | |
|--------------------------------|---------|--------|--------|
| Basic LPS (Singapore cents) | (24.88) | (8.16) | (6.95) |
|--------------------------------|---------|--------|--------|

- (e) Earnings per Share (“EPS”) – Excluding the one-off expenses incurred in FY2013 ended 31 March 2013

| | For financial year ended 31 March 2013 | | |
|---|---|---|--|
| | Before the Proposed Acquisition and Proposed Rights Issue | After Proposed Rights Issue and before Proposed Acquisition | After the Proposed Acquisition and Proposed Rights Issue |
| Net profit attributable to shareholders | S\$3.5 million | S\$3.5 million | S\$13.9 million |
| Weighted average number of shares used | 499.6 million | 1,522.2 million | 1,638.6 million |
| Basic EPS (Singapore cents) | 0.71 | 0.23 | 0.85 |

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 6.1 Save for Stanley Tan who is interested in the Stanley Tan Sub-Underwriting Fee and the disclosure of the Directors’ and substantial shareholders’ shareholding interests in the Company set out in the table below, none of the Directors’ (in so far as the Directors are aware) and none of the controlling Shareholders, has any interest, direct or indirect in the Proposed Acquisition and Proposed Rights Issue.

| | Number of Shares | | | |
|--|------------------|----------------------------|----------------|-----------------------------------|
| | Direct Interest | Deemed Interest | Total Interest | % of Issued Shares ⁽¹⁾ |
| Stanley Tan | 12,910,000 | 107,180,500 ⁽²⁾ | 120,090,500 | 17.61 |
| Global Media Holdings Pte. Ltd. (“Global Media”) | 107,180,500 | - | 107,180,500 | 15.72 |
| Chen Qiu Hai | 82,244,610 | - | 82,244,610 | 12.06 |
| Oregold Pte. Ltd. (“Oregold”) | 76,738,000 | - | 76,738,000 | 11.26 |

Notes:

(1) The percentage of issued Shares is calculated based on the number of issued Shares as at 18 December 2013 and assuming that the New Shares have not been issued and allotted, excluding any Shares held in treasury.

(2) Deemed interest by virtue of an interest of more than 20% in Global Media Holdings Pte. Ltd. which is the beneficial owner of 107,180,500 Shares registered in the name of HSBC (Singapore) Nominees Pte Ltd.

6.2 Changes to Shareholding structure following Completion of the Proposed Acquisition and the Proposed Rights Issue

Assuming the Proposed Rights Issue is fully subscribed:

| | Number of Shares | | | |
|--------------------|------------------|-----------------|----------------|-----------------------------------|
| | Direct Interest | Deemed Interest | Total Interest | % of Issued Shares ⁽¹⁾ |
| Stanley Tan | 32,275,000 | 267,951,250 | 300,226,250 | 16.49% |
| Global Media | 267,951,250 | - | 267,951,250 | 14.72% |
| Chen Qiu Hai | 205,611,525 | - | 205,611,525 | 11.29% |
| Oregold | 191,845,000 | - | 191,845,000 | 10.54% |
| Other Shareholders | 1,006,704,028 | - | 1,006,704,028 | 55.29% |
| Vendor | 116,361,143 | - | 116,361,143 | 6.39% |

Notes:

(1) This excludes exercise of 156,700,322 existing warrants.

Assuming only subscription of the Rights Shares by Stanley Tan and Sam Goi:

| | Number of Shares | | | |
|--------------------|------------------|-----------------|----------------|-----------------------------------|
| | Direct Interest | Deemed Interest | Total Interest | % of Issued Shares ⁽¹⁾ |
| Stanley Tan | 175,653,505 | 107,180,500 | 282,834,005 | 23.37% |
| Global Media | 107,180,500 | - | 107,180,500 | 8.86% |
| Chen Qiu Hai | 82,244,610 | - | 82,244,610 | 6.80% |
| Oregold | 76,738,000 | - | 76,738,000 | 6.34% |
| Other Shareholders | 402,681,611 | - | 402,681,611 | 33.28% |
| Sam Goi | 249,177,330 | - | 249,177,330 | 20.59% |
| Vendor | 116,361,143 | - | 116,361,143 | 9.62% |

Notes:

(1) This excludes exercise of 156,700,322 existing warrants

6.3 There will be no new director appointed pursuant to the Proposed Acquisition.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts regarding the Proposed Acquisition, the Proposed Rights Issue, the proposed payment of the sub-underwriting fees to Stanley Tan and Sam Goi, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

Shareholders are advised to read this announcement in its entirety and for any Shareholder who may require advice in the context of his specific investment, to consult his bank manager, stockbroker, solicitor, accountant or other professional adviser.

8. CIRCULAR TO SHAREHOLDERS

Further details of the transactions to be undertaken by the Company and referred to in this announcement will be set out in the circular to be issued by the Company in due course to Shareholders. The Company will together with the circular issue a notice of an extraordinary general meeting to be convened to seek Shareholders' approval on, *inter alia*, the Proposed Acquisition, the Proposed Rights Issue and the proposed payment of sub-underwriting fees to Stanley Tan and Sam Goi.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement, the Underwriting Agreement, the Stanley Tan Irrevocable Undertaking and the Sam Goi Irrevocable Undertaking will be made available for inspection during normal business hours at the Company's registered office at 1 Lorong 2 Toa Payoh, Yellow Pages Building, Singapore 319637 for a period of three (3) months commencing from the date of this announcement.

10. FOLLOW UP ANNOUNCEMENT/ FURTHER INFORMATION

The Company will make the necessary follow-up announcement(s) as and when required and/or material developments arise in respect of the Proposed Acquisition, Proposed Rights Issue and the proposed payment of sub-underwriting commission to Stanley Tan and Sam Goi.

In the meantime, the Board wishes to advise Shareholders to exercise caution in their dealings in Shares and to refrain from taking any action in relation thereto, until they have sought their own financial and legal advice where appropriate.

By Order of the Board

Lee Wei Hsiung
Company Secretary
19 December 2013