

GLOBAL YELLOW PAGES LIMITED

(Company Registration No. 200304719G)
(Incorporated in the Republic of Singapore)

THE PROPOSED ACQUISITION OF SUPATREATS ASIA PTE. LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Global Yellow Pages Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's indirect wholly-owned subsidiary, Global Food Retail Group Pte. Ltd. (the "**Purchaser**" or "**Global Food**") has on 2 October 2015 entered into a conditional sale and purchase agreement (the "**SPA**") with Asia Food Retail Group Pte. Ltd. (the "**Vendor**"), pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, one (1) ordinary share (the "**Sale Share**"), representing 100% of the issued and paid-up share capital of Supatreats Asia Pte. Ltd. (the "**Proposed Acquisition**").

Supatreats Asia Pte. Ltd. (the "**Target Company**", and together with its subsidiaries, the "**Target Group**") is in the retail master franchise and supply chain business of the Wendy's brand of ice-cream and treats for the Wendy's store network consisting of over 150 stores in Australia and New Zealand.

The Vendor is the current licensee under the master intellectual property licence agreement dated 31 August 2014 (the "**Licence Agreement**") entered with Global Food whereby Global Food granted the Vendor the right to use the Wendy's intellectual property rights and operate the Wendy's business in Australia and New Zealand.

The Proposed Acquisition is in, or in connection with, the ordinary course of the Company's business and is not an Interested Person Transaction under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

2. CONSIDERATION

2.1 Aggregate Value of the Consideration

The consideration for the Proposed Acquisition (the "**Consideration**") shall comprise the sum of:

- (a) the consolidated audited net tangible asset (the "**Audited Net Tangible Asset**") of the Target Group for the financial period ended 30 June 2015 adjusted for any liabilities between (i) each member of the Target Group and (ii) each of the Vendor and its subsidiaries and associated companies (excluding the Target Group) as at 30 June 2015 and after deducting any outstanding royalties owing from the Vendor to the Purchaser under the Licence Agreement as at the date of the SPA (the "**Initial Consideration**"); and
- (b) deferred consideration to be determined as follows (the "**Deferred Consideration**");

- (i) if the audited consolidated net profit before tax of the Target Group (the "**Audited NPBT**") for the financial period commencing on 1 July 2015 and ending on 30 June 2016 (the "**1st Earn-Out Period**") is positive, an amount equal to the Audited NPBT for the 1st Earn-Out Period subject to a maximum sum of A\$1,000,000 (the "**1st Deferred Consideration**");
- (ii) if the Audited NPBT of the Target Group for the financial period commencing on 1 July 2016 and ending on 30 June 2017 (the "**2nd Earn-Out Period**") is positive, an amount equal to the Audited NPBT for the 2nd Earn-Out Period, subject to a maximum sum of A\$1,000,000 (the "**2nd Deferred Consideration**"); and
- (iii) if the Audited NPBT of the Target Group for the financial period commencing on 1 July 2017 and ending on 30 June 2018 (the "**3rd Earn-Out Period**", together with 1st Earn-Out Period and 2nd Earn-Out Period, the "**Earn-Out Periods**" and each a "**Earn-Out Period**") is positive, an amount equal to the Audited NPBT for the 3rd Earn-Out Period subject to a maximum sum of A\$1,000,000 (the "**3rd Deferred Consideration**").

2.2 The Initial Consideration

The Initial Consideration shall be satisfied by the Purchaser procuring the Company to allot and issue or, in the case of treasury shares, to transfer, ordinary shares (including treasury shares) in the capital of the Company ("**GYP Shares**") on completion (the "**Completion**") of the Proposed Acquisition (the "**Initial Consideration Shares**"), based on the issue price computed using the weighted average price per GYP Share for trades done on SGX-ST on the Trading Day (defined below) preceding the date of the SPA of S\$0.177 per GYP Share.

If the number of Initial Consideration Shares to be allotted and issued or transferred exceeds the maximum number of GYP Shares that may be issued under the existing general share issue mandate obtained by the Company from its shareholders (the "**Share Issue Mandate**"), the Purchaser may satisfy the payment of the Initial Consideration by:

- (a) procuring the Company to allot and issue or, in the case of treasury shares, to transfer, to the Vendor the maximum number of GYP Shares that may be issued under the Share Issue Mandate; and
- (b) the payment to the Vendor fully in cash no later than 14 business days after the completion of the allotment and issuance or transfer of the Initial Consideration Shares, of the balance of the Initial Consideration.

2.3 The Deferred Consideration

The 1st Deferred Consideration, 2nd Deferred Consideration and 3rd Deferred Consideration shall be respectively satisfied by one of the following, at the Purchaser's sole and absolute discretion:

- (a) by the Purchaser procuring the Company to allot and issue or, in the case of treasury shares, to transfer, to the Vendor GYP Shares (the "**Deferred Consideration Shares**") conditional upon:
 - (i) the approval for the application being obtained from the SGX-ST for the admission of the Deferred Consideration Shares to the Official List on the Main Board of the SGX-ST and the dealing and quotation of such Deferred

Consideration Shares on the SGX-ST upon the allotment and issue of such Deferred Consideration Shares; and

- (ii) the issue price per Deferred Consideration Shares not being at more than 10% discount to the weighted average price per GYP Share for trades done on the SGX-ST on the date of the SPA;
- (b) by the payment thereof, to the Vendor fully in cash, no later than 14 Business Days after the delivery of the consolidated accounts of the Target Group for the relevant Earn-Out Period; or
- (c) by a combination of Deferred Consideration Shares and cash.

The issue price per Deferred Consideration Share shall be the weighted average price per GYP Share for trades done on SGX-ST on:

- (A) 30 June 2016, in respect of the 1st Deferred Consideration;
- (B) 30 June 2017, in respect of the 2nd Deferred Consideration; and
- (C) 30 June 2018, in respect of the 3rd Deferred Consideration.

If 30 June 2016, 30 June 2017 or 30 June 2018 is not a day on which SGX-ST is open for business (the "**Trading Day**"), the issue price per Deferred Consideration Share shall be the weighted average price per GYP Share for trades done on SGX-ST on the preceding Trading Day up to 30 June 2016, 30 June 2017 or 30 June 2018, as the case may be.

If the number of Deferred Consideration Shares to be allotted and issued or transferred exceeds the maximum number of GYP Shares that may be issued under the applicable general share issue mandate obtained by the Company from its shareholders (the "**Applicable Share Issue Mandate**"), the Purchaser may satisfy the payment of the 1st Deferred Consideration, 2nd Deferred Consideration and 3rd Deferred Consideration by:

- (1) procuring the Company to allot and issue or, in the case of treasury shares, to transfer, to the Vendor the maximum number of GYP Shares that may be issued under the Applicable Share Issue Mandate; and
- (2) the payment to the Vendor fully in cash, no later than 14 Business Days after the completion of the allotment and issuance or transfer of the Deferred Consideration Shares, of the balance of the 1st Deferred Consideration, 2nd Deferred Consideration and 3rd Deferred Consideration, as the case may be.

2.4 Deferred Consideration and Existing Management of Target Group

The Board is of the view that with the Deferred Consideration in place, the existing management shareholders interests will be aligned with that of the Target Group.

The shareholders of the Vendor are Law Xiaowan and Joseph Foo Chew Tuck. Law Xiaowan is currently assisting in the management of the Target Group in her capacity as the Vendor's management. Joseph Foo Chew Tuck's daughter, Foo Lay Ping Jane is currently taking up a management role in the Target Group. After Completion, Law Xiaowan will remain in a managerial role in the Target Group via a consulting arrangement with the Target Group and Foo Lay Ping Jane will be retained in the management of the Target Group. The Board is of the view that such post-Completion arrangements will ensure that there will be smooth leadership transition after the Proposed Acquisition.

2.5 Listing and Quotation of Initial Consideration Shares

The Company will make applications to the SGX-ST for the listing and quotation of the Initial Consideration Shares and Deferred Consideration Shares to the Official List on the Main Board of the SGX-ST (the "**Listing Approvals**").

The Company will make the necessary announcement once the applicable Listing Approvals has been obtained from the SGX-ST.

2.6 Post-Completion Adjustments

The Consideration is subject to post-completion adjustment relating to any shortfall in the supply by Everest Colonial Pty Ltd to Supatreats Global Supplies Pte Ltd of boxes of ice-cream products, by 31 August 2016.

2.7 Completion

Upon Completion, the Target Group companies shall be wholly-owned subsidiaries of the Company.

3 **BASIS FOR THE CONSIDERATION**

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

- (a) the Audited Net Tangible Asset of the Target Group;
- (b) Wendy's is a well-established and iconic brand in Australia and New Zealand with over 150 stores in the retail franchise store network; and
- (c) additional franchise fees income and supply chain margins from owning the Target Group.

Based on the unaudited consolidated management account of the Target Group provided to the Company, the book value and the net asset value of the Target Group for the financial period ended 30 June 2015 were approximately A\$1.94 million.

4. **REFUND OF VENDOR'S CONTRIBUTION TO BRANDING WORK**

Subject to Completion taking place, the Purchaser shall refund to the Vendor any excess amounts paid by the Vendor to the Purchaser in relation to branding work undertaken by the Purchaser for Wendy's in Australia and New Zealand.

5. **CONDITIONS PRECEDENT OF THE PROPOSED ACQUISITION**

Completion of the Proposed Acquisition is conditional upon, among others, the following conditions having been fulfilled or waived by the Purchaser and the Vendor:

- (a) the delivery by the Vendor to the Purchaser by 31 December 2015, of the consolidated financial audited accounts of the Target Company (the "**Audited Accounts**") setting forth, *inter alia*, the Audited Net Tangible Asset;

- (b) the Listing Approval for the application for the listing and quotation of the Initial Consideration Shares (such application being made only after delivery of the Audited Accounts of the Company under paragraph 4(a)) being obtained from the SGX-ST and the dealing and quotation of such Initial Consideration Shares on the SGX-ST upon the allotment and issue of the Initial Consideration Shares, and if such Listing Approval is subject to any condition(s) or restriction imposed by the SGX-ST, such condition(s) or restriction(s) being acceptable to the Vendor;
- (c) the termination of the Licence Agreement, and the Purchaser entering into a master intellectual property licence agreement with the Target Company in relation to certain intellectual property owned by the Purchaser under the terms and subject to the conditions thereof;
- (d) payment of all outstanding royalties owing from the Vendor to the Purchaser under the Licence Agreement; and
- (e) the results of a due diligence exercise over the Target Group being satisfactory to the Purchaser in its sole and absolute discretion.

If the above conditions precedent have not been fulfilled or waived by the Vendor and the Purchaser on or before 31 March 2016, the SPA shall *ipso facto* cease and determine and the Vendor or Purchaser shall not have any claim against the other party for costs, damages, compensation or otherwise.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- (a) For purposes of illustration, the financial effects of the Proposed Acquisition is based on, *inter alia*, the following assumptions:
 - (i) the financial effects of the Proposed Acquisition 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 nor a projection of the future financial performance or position of the Group after completion of the Proposed Acquisition;
 - (ii) for the purpose of computing the financial effects of the Proposed Acquisition on the earnings of the Group, the Proposed Acquisition is assumed to have been completed on 1 April 2014;
 - (iii) for the purpose of computing the financial effects of the Proposed Acquisition on the NTA of the Group, the Proposed Acquisition is assumed to have been completed on 30 June 2015;
 - (iv) the financial effects of the Proposed Acquisition are based on the Group's unaudited financial statements for the fifteen months financial period ended 30 June 2015 and on the Target Group's unaudited financial statements for the financial year ended 30 June 2015; and
 - (v) 10,800,000 Initial Consideration Shares⁽¹⁾ are issued to the Vendor on completion of the Proposed Acquisition. The actual number of Initial Consideration Shares to be issued to the Vendor will be subject to the adjustments in the Initial Consideration as detailed in paragraph 2.1(a).

Note (1): This number of Initial Consideration Shares is estimated based on the unaudited consolidated net tangible asset of the Target Group as at 30 June 2015.

(b) Net Tangible Assets ("NTA")

	As at 30 June 2015	
	Before the Proposed Acquisition	After the Proposed Acquisition
NTA	51,131,875	53,134,537
No. of GYP Shares	170,438,953	181,238,953
NTA per GYP Share (Singapore cents)	30.00	29.32

(c) Earnings per GYP Share ("EPS")

	For fifteen months financial period ended 30 June 2015	
Net profit attributable to shareholders	(62,368,814)	(60,366,152)
Weighted average number of GYP Shares used	155,085,582	165,885,582
Basic EPS (Singapore cents)	(40.22)	(36.39)

Note: As the Target Group's unaudited financial statements are denominated in Australian Dollars, the above financial effects of the Proposed Acquisition are calculated based on the exchange rate of S\$1.0323 to A\$1.00.

7. INTEREST OF DIRECTORS OR SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

By Order of the Board

Lee Wei Hsiung
Company Secretary
2 October 2015