

**GYP PROPERTIES LIMITED**  
(Company Registration No. 200304719G)  
(Incorporated in the Republic of Singapore)

---

**THE PROPOSED DISPOSAL OF 100% SHAREHOLDING INTERESTS IN GLOBAL FOOD RETAIL GROUP PTE LTD**

---

**1. INTRODUCTION**

The board of directors (the “**Board**” or the “**Directors**”) of GYP Properties Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has today entered into a share purchase agreement (“**SPA**”) with Asia Food Retail Group Pte Ltd (the “**Purchaser**”) for the proposed sale by the Company of its entire shareholding interests (the “**Sale Shares**”) in its indirect wholly-owned subsidiary, Global Food Retail Group Pte Ltd (“**Sale Company**”), to the Purchaser (the “**Proposed Disposal**”).

The completion of the Proposed Disposal will result in the Sale Company ceasing to be a subsidiary of the Company.

**2. INFORMATION ON THE SALE COMPANY AND THE PURCHASER**

**2.1 The Sale Company**

The Sale Company and its subsidiaries (the “**Sale Group**”) owns the intellectual property rights to the Wendy’s Milk Bar brand and business (“**Wendy’s**”), a brand of ice cream and treats, and licenses the use of the brand in Australia.

The Sale Group also owns the master franchisor rights for Wendy’s in Australia and operates the supply chain business of the Wendy’s brand in Australia.

The Sale Shares, being all the issued shares in the capital of the Sale Company, are held directly by Gloria Jean’s Coffee Holdings Pte Ltd, a wholly-owned subsidiary of the Company.

**2.2 The Purchaser**

The Purchaser, an independent third party, is a company incorporated in Singapore.

The Purchaser currently provides marketing and brand-related management and consultancy services to the Sale Group for the establishment, development and extension of the Wendy’s intellectual property rights owned by the Sale Group in Australia and New Zealand.

**3. CONSIDERATION FOR THE PROPOSED DISPOSAL**

The consideration for the Sale Shares (“**Consideration**”) is a sum of S\$4,690,000, which shall be paid in the following instalments<sup>(1)</sup>:

- (a) S\$190,000 on Completion Date (as defined below);

- (b) S\$2,500,000 on 31 December 2018; and
- (c) S\$2,000,000 on 31 January 2020.

**Note:**

- (1) *On the occurrence of an event of default as provided in the SPA, the Company may, without prejudice to any other right or remedy it may have, declare that all instalment amounts and interest payable thereon shall immediately become due and payable by the Purchaser.*

**Basis of Consideration**

The Consideration was arrived at after arms' length negotiations between the Company and the Purchaser on a willing-buyer willing-seller basis, taking into consideration, *inter alia*, the following factors:

- (a) the value of the ongoing business of the Sale Group;
- (b) the net tangible liability (“**NTL**”) value of the Sale Shares of S\$9.2 million, based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2018 (“**FY2018**”);
- (c) the aggregate net profit before income tax, minority interest and extraordinary items attributable to the Sale Company for FY2018 based on the latest audited consolidated financial statements of the Group for FY2018 as set out in paragraph 7 below; and
- (d) the rationale for and benefits to the Company arising from the Proposed Disposal as set out in paragraph 4 below.

**4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

The Proposed Disposal is part of the Company's strategy to focus on its core business of property development and management, property-related investments, and holding of investments in property-related assets (“**Property Business**”).

In line with this strategy, the Company completed its third acquisition of property in Papakura, New Zealand, on 4 July 2018, and had on 26 October 2018 effected the change of its name to GYP Properties Limited, reflecting the Group's current business activities and direction.

The Proposed Disposal would free up the Group's resources and capital to further develop and grow its core Property Business.

The Company intends to utilise the net proceeds from the Proposed Disposal for general working capital purposes of the Group, the Group's ongoing development projects, and/or investment opportunities in the property market.

**5. OTHER SALIENT TERMS OF THE PROPOSED DISPOSAL**

**5.1 Completion Date**

Completion of the Proposed Disposal (“**Completion**”) will occur on such date determined by the Company in its sole discretion provided that it is no later than thirty (30) days after execution of the SPA (“**Completion Date**”).

## **5.2 Effective date of vesting of beneficial interest**

On the occurrence of Completion on the Completion Date, the beneficial interest in the Sale Shares shall be deemed to have vested in the Purchaser as on 1 October 2018.

## **5.3 GFRG Debt**

As at 30 September 2018, there are certain intercompany owings due and payable by the Sale Company to the Company (“**GFRG Debt**”).

The Purchaser undertakes to pay the GFRG Debt by instalments on the terms set out in a debt settlement deed to be signed on Completion by the Purchaser, the Sale Company and two of the Sale Company’s subsidiaries in favour of the Company (“**GFRG Debt Settlement Deed**”).

## **5.4 Pre-payments of Consideration and/or GFRG Debt**

The Purchaser shall pay to the Company as prepayment of any outstanding Consideration and/or GFRG Debt a certain percentage of:

- (a) the Sale Group’s consolidated earnings before interest, taxes, depreciation and amortisation, less capital expenditure in the ordinary course of business, for each quarter with the first quarter commencing on 1 January 2019; and
- (b) any payment received from time to time by Supatreats Asia Pte Ltd from the Deed of Settlement dated 15 August 2018 entered into between, *inter alia*, Supatreats Asia, Supatreats NZ Limited, Chang Xi, Shake Shed & Co NZ Limited, and other parties.

The aforementioned payments would reduce the next immediate outstanding instalment(s) of the Consideration and/or GFRG Debt accordingly.

## **5.5 Security**

To secure, *inter alia*, payment of the Consideration and/or the GFRG Debt due to the Company pursuant to the SPA and the GFRG Debt Settlement Deed, the Purchaser, Sale Company and a few of the Sale Company’s subsidiaries will execute share charges in favour of the Company on Completion.

## **5.6 Limitation of Liability**

Provisions relating to limitation of the Company’s liability under the SPA in respect of breaches of warranties by the Company include, *inter alia*, that:

- (a) no liability shall arise in respect of any claim for breach of warranty by the Company unless either (i) the amount of the claim (together with the aggregate amount of any previous claims, in which case the Purchaser shall be entitled to recover all amounts determined or agreed to be payable with respect to any claims without regard to such limit) shall exceed a total sum of S\$100,000; or (ii) in the case of an individual claim, where the amount of such individual claim shall exceed S\$10,000.
- (b) the total maximum liability of the Company in respect of all claims for breach of warranties by the Company shall be limited to an amount equal to the Consideration already received by the Company in clear funds.

## **6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

### **6.1 Proceeds over Book Value**

Based on the latest audited consolidated financial statements of the Group for FY2018, the book value (net asset value) and NTL value of the Sale Shares amount to S\$2.7 million and S\$9.2 million respectively.

Based on the Consideration and disregarding the expenses in connection with the Proposed Disposal ("**Transaction Costs**"), the gain on the Proposed Disposal and the excess of the Consideration over book value of the Sale Shares is approximately S\$1.5 million and S\$2.0 million respectively. The Company does not expect the Transaction Costs to exceed approximately S\$50,000.

### **6.2 Illustrative Financial Effects.**

The *pro forma* financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the net tangible asset value ("**NTA**") per ordinary share in the issued share capital of the Company ("**Share**") and earnings per Share ("**EPS**") of the Group, nor do they not reflect the future financial position of the Company or the Group after Completion. There will not be any change in the share capital of the Company as a result of the Proposed Disposal.

The following *pro forma* financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the Group for FY2018 with the following assumptions:

- (a) for the purpose of computing the financial effects of the Proposed Disposal on the NTA per Share of the Group, the Proposed Disposal is assumed to have been completed on 30 June 2018;
- (b) for the purpose of computing the financial effects of the Proposed Disposal on the EPS of the Group, the Proposed Disposal is assumed to have been completed on 1 July 2017; and
- (c) the Transaction Costs are disregarded for the purposes of calculating the financial effects.

NTA

	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
NTA (S\$'000)	64,265	73,448
Number of Shares as at 30 June 2018	274,920,818	274,920,818
NTA per Share (cents)	23.38	26.72

EPS

	<b>Before Proposed Disposal</b>	<b>After Proposed Disposal</b>
Net profit attributable to Shareholders (S\$'000)	3,789	3,960
Weighted average number of Shares	211,344,327	211,334,327
EPS (cents)	1.79	1.87

**7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL**

The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the Listing Manual and the latest audited consolidated financial statements of the Group for FY2018 are as follows:

		<b>Relative Figures (%)</b>
<b>Rule 1006(a)</b>	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	3.5% <sup>(1)</sup>
<b>Rule 1006(b)</b>	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	3.9% <sup>(2)</sup>
<b>Rule 1006(c)</b>	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	10.0% <sup>(3)(4)</sup>
<b>Rule 1006(d)</b>	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.
<b>Rule 1006(e)</b>	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with	Not applicable.

	<p>the aggregate of the group's proved and probable reserves.</p> <p>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. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.</p>	
--	--	--

**Notes:**

- (1) *Based on the audited net asset value of the Sale Company as at 30 June 2018 of S\$2,689,000 and the Group's audited consolidated net asset value as at 30 June 2018 of S\$76,144,000.*
- (2) *Based on the audited net profit before income tax, minority interest and extraordinary items attributable to the Sale Company for FY2018 of S\$178,000 and the audited net profit before income tax, minority interest and extraordinary items of the Group for FY2018 of S\$4,582,000.*
- (3) *The Consideration is S\$4,690,000.*
- (4) *The Company's weighted average share price as at 26 October 2018 being the last market day when the Company's shares were traded preceding the date of the SPA is S\$0.17. Source: SGX-ST's website.*

*The market capitalisation of the Company is S\$46,737,000, based on 274,920,818 Shares in issue as at 26 October 2018 (being the last market day when the Company's shares were traded preceding the date of the SPA) and the weighted average share price of the Company's shares transacted on the SGX-ST on the same date of S\$0.17.*

Based on the latest audited consolidated financial statements of the Group for FY2018, the relative figure computed on the basis set out in Rule 1006(c) exceeds 5% and the Proposed Disposal constitutes a discloseable transaction under Rule 1010 of the Listing Manual.

**8. SERVICE CONTRACTS**

No person will be appointed as a Director of the Company in connection with the Proposed Disposal and accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

**9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal other than through their respective shareholdings (if any) in the Company.

**10. DOCUMENTS FOR INSPECTION**

A copy of the SPA is available for inspection at the office of the Company at 1 Lorong 2 Toa Payoh, Yellow Pages Building, Singapore 319637 during normal business hours for a period of three (3) months from the date of this announcement.

**Shareholders and potential investors should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers. The Company will make further announcements on the Proposed Disposal as and when appropriate.**

**BY ORDER OF THE BOARD**

Lee Wei Hsiung  
Company Secretary

Dated: 31 October 2018