

THE PROPOSED ACQUISITION OF INTELLECTUAL PROPERTY RIGHTS FOR WENDY'S SUPA SUNDAES BRAND

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 that the Company's indirect wholly-owned subsidiary, Global Food Retail Group Pte Ltd ("**Global Food**") has on 31 August 2014 entered into a conditional sale and purchase agreement ("**IP Agreement**") with Wendy's Supa Sundaes Pty Ltd ("**WSS**") and Innovation Ice Cream (IIC) Pty Ltd ("**IIC**" and collectively, the "**Vendors**") to acquire all of the intellectual property rights including recipes and formulas held anywhere in the world by the Vendors (the "**Proposed Acquisition**").

Further, the Board is pleased to announce that Global Food has on the same execution date as the IP Agreement, entered into a conditional master intellectual property licence agreement (the "**Conditional Licence Agreement**") with Asia Food Retail Group Pte Ltd ("**Asia Food**"), an unrelated third party to the Company in respect of the conditional licence of the intellectual property rights that will be acquired by Global Food from the Vendors.

Shareholders are to refer to paragraph 2 below for more details in relation to the Proposed Acquisition.

2. PROPOSED ACQUISITION

2.1 OVERVIEW

Pursuant to the IP Agreement, Global Food will on Completion, be the legal and beneficial owner of:

- (1) the intellectual property rights including trade-marks and franchise systems of the brand *Wendy's Supa Sundaes*; and
- (2) the recipes and formulas of high quality cold dessert products ("**IIC recipes**"),

collectively, the "**Intellectual Property Rights**".

The *Wendy's Supa Sundaes* is an iconic brand of desserts and treats with a store network of approximately 209 stores (both corporate and franchised stores) across Australia and approximately 35 stores across New Zealand. The IIC recipes are used to manufacture high quality cold dessert products such as ice-cream, slushy, powder products, frozen yoghurt and sugar infused fruit products.

2.2 CONSIDERATION

The consideration for the Proposed Acquisition shall be an aggregate amount of A\$10,000,000 (approximately S\$11.67 million) (“**Consideration**”). The Consideration shall be paid in cash on completion of the Proposed Acquisition (the “**Completion**”) from proceeds of the Company’s rights issue completed in June 2014.

2.3 BASIS FOR THE CONSIDERATION

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

- (a) the historical financial performance (i.e. historical earnings and earnings before interest and tax) of WSS and IIC;
- (b) that *Wendy’s Supa Sundaes* is an iconic Australian brand with a heritage of more than 30 years;
- (c) the rationale for the Proposed Acquisition as elaborated in section 2.5 below including the fact that (i) the *Wendy’s Supa Sundaes* is a well-established brand in Australia and New Zealand; and (ii) the Proposed Acquisition will provide significant potential for further expansion of the ice-cream retail business in Asia, especially the People’s Republic of China; and
- (d) the royalty income from the Conditional Licence Agreement.

2.4 CONDITION PRECEDENT OF THE PROPOSED ACQUISITION

Completion of the Proposed Acquisition is conditional on Global Food being satisfied that immediately after completion, Asia Food will acquire the Vendors.

If the condition precedent has not been fulfilled or waived by 31 December 2014, then either party may by notice to the other party terminate the IP Agreement.

2.5 RATIONALE FOR THE PROPOSED 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 the Intellectual Property Rights. The Vendor Group under the brand of *Wendy’s Supa Sundaes* is a major retailer of ice-cream, drinks and snacks with approximately over 240 stores across Australia and New Zealand. The brand of *Wendy’s Supa Sundaes* is well-established in Australia and New Zealand and the Company believes there is

significant potential for further expansion of the ice-cream retail business in Asia, especially the People's Republic of China.

Since embarking on the diversification of the Company's business, the management of the Group has built up an understanding of and knowledge in the food and beverage sector. Accordingly, the Group will rely on the expertise of our existing senior management team led by the Group's Chief Executive Officer, Mr. Stanley Tan Poh Leng, to seek and market the *Wendy's Supa Sundaes* brand. In making business development decisions, the Company will, where necessary and appropriate, seek the advice of reputable external consultants and experts.

3. INFORMATION ABOUT THE VENDORS AND ASIA FOOD

3.1 Vendors

WSS owns the iconic brand of *Wendy's Supa Sundaes* and is in the retail franchisor business of desserts and treats with a store network in Australia and New Zealand ("**Retail Franchise Business**"). IIC owns the IIC recipes and is in the business of the manufacturing, production and supplying of high quality cold dessert products to the Retail Franchise Business and other third party customers.

Both WSS and IIC are wholly owned by The Australian Retail Franchise Group Pty Ltd ("**ARFG**") and ARFG is substantially owned by Lamivest Sdn Bhd ("**Lamivest**") (collectively, the "**Vendor Group**"). The Vendor Group is ultimately owned substantially by Navis Capital Partners ("**Navis**") who acquired the business in July 2006. Navis is a private equity firm which specialises in direct equity investments in growth, buyouts, recapitalisations, and financial restructurings. Navis also has a presence in South and Southeast Asia.¹ The Vendors and Navis are not interested persons of the Company nor are they associates of any Director, controlling shareholder or chief executive officer of the Company.

The Vendor Group also carries out the business of manufacturing, production and supplying high quality cold dessert products for wholesale and retail supply ("**Manufacturing Business**").

3.2 Asia Food Retail Group Pte Ltd

Asia Food, a privately owned company has on 31 August 2014 entered into a sale and purchase agreement to purchase the Retail Franchise Business and the Manufacturing Business (the "**Lamivest SPA**" respectively). Asia Food, its shareholders and directors are not interested persons of the Company nor are they associates of any Director, controlling shareholder or chief executive officer of the Company.

3.3 Conditional Licence Agreement

The salient terms of the Conditional Licence Agreement are as follows:-

- (a) the Conditional Licence Agreement will commence on Completion of the Proposed Acquisition;

¹ Disclaimer: The information has been extracted and paraphrased from <http://naviscapital.net/about/profile/> and the Company has not obtained consent from Navis for the publication or the reproduction of any information.

- (b) the duration of license is 20 years (“**Term**”). The Term may be extended for a further 20 years after expiry of the initial 20 years provided Asia Food has complied with the terms of the Conditional Licence Agreement. Asia Food must pay a fee for the licence equal to the greater of a percentage of retail sales and an annual premium. If the Term is extended for an additional 20 years the minimum annual premium will also be increased ;
- (c) subject to Asia Food’s strict compliance with the terms of the Conditional Licence Agreement, Global Food will not grant to any party other than Asia Food the right to use the intellectual property rights to operate a business the same as the Licensed Business during the Term in Australia, New Zealand and other jurisdictions in which Global Food has granted to Asia Food a master franchise pursuant to the Conditional Licence Agreement. The **Licensed Business** means operating the retail sale of ice cream , drinks and other food products under the Wendy brand (“**Wendy’s Business**”), granting master franchise rights for Wendy’s Businesses in Australia, New Zealand and other agreed territories and operating the Manufacturing Business;
- (d) the grant to Asia Food the right to sublicense to WSS the right to use the Intellectual Property Rights under an Australian master franchise agreement (“**Australia MFA**”) as set out in the Conditional Licence Agreement. It is provided that the Australia MFA cannot be varied without the consent of Global Food;
- (e) the grant to Asia Food the right to sublicense to a third party the right to use the Intellectual Property Rights under a New Zealand master franchise agreement (“**NZ MFA**”) as set out in the Conditional Licence Agreement. It is provided that the NZ MFA cannot be varied without the consent of Global Food; and
- (f) subject to the terms in the Conditional Licence Agreement, Global Food may grant to Asia Food master franchise rights in other jurisdictions on terms to be negotiated.

4. THE PROPOSED ACQUISITION IS A DISCLOSEABLE TRANSACTION AND OTHER INFORMATION

4.1 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 2014, 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	37.8% ⁽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	14.3% ⁽¹⁾⁽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	Not applicable
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) In computing the relative figures, the AUD/SGD exchange rate used is 1.1665.
- (2) The net profit before income tax, minority interests and extraordinary items of the Vendor Group's master franchisee business in Australia and New Zealand excluding corporate stores operated by the Vendor Group as at 30 June 2014 is A\$1,667,921 (or approximately S\$1,945,630, based on AUD/SGD exchange rate of 1.1665). On Completion of the Proposed Acquisition, the Group's income from the Intellectual Property Rights will be the licence fee under new terms agreed under the Conditional Licence Agreement with Asia Food.
- (3) The Company's market capitalisation is computed based on the Company's issued and paid-up share capital of 1,704,387,050 shares in issue as at the date of the IP Agreement and on a volume weighted average price of S\$0.047968 for each share traded on the SGX-ST on 29 August 2014 (being the full market day immediately preceding the date of the IP Agreement).

Based on the relevant figures computed under Rule 1006 of the Listing Manual, as the relative figures under Rule 1006 (b) and (c) exceed 5%, the Proposed Acquisition constitutes a discloseable transaction.

The Proposed Acquisition is not a major transaction for the purposes of Chapter 10 of the Listing Manual notwithstanding that the relative figure under Rule 1006 (b) exceeds 20%. It is provided in Rule 1014 that the rule does not apply in the case of the acquisition of profitable assets if the only limit breached is Rule 1006(b). Accordingly, the Proposed Acquisition constitutes a discloseable transaction under the provisions of Rule 1010 of the Listing Manual but does not require the approval of the shareholders of the Company.

- 4.2** As at 30 June 2014, the book value of the Intellectual Property Rights and related intangible assets in the accounts of the Vendors were A\$6.4 million. For financial year ending 30 June 2014, the net profit attributable to the Intellectual Property Rights was A\$1.67 million.

5. 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 are assumed to have been completed on 1 April 2013;
- (iii) for the purpose of computing the financial effects of the Proposed Acquisition on the NTA of the Group, the Proposed Acquisition are assumed to have been completed on 31 March 2014;
- (iv) the financial effects of the Proposed Acquisition are based on the Group's audited financial statements for the financial year ended 31 March 2014 and on the Vendors' financials for the financial year ended 30 June 2014;

(b) Net Tangible Assets ("NTA")

	As at 31 March 2014	
	Before the Proposed Acquisition	After the Proposed Acquisition
NTA	30,827,810	19,162,810
No. of shares	681,754,820	681,754,820
NTA per share (Singapore cents)	4.52	2.81

(c) Earnings per Share ("EPS")

	For financial year ended 31 March 2014	
	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to shareholders	S\$5,133,871	S\$7,079,501 ⁽¹⁾
Weighted average number of shares used	634,329,076	634,329,076
Basic EPS (Singapore cents)	0.81	1.12

Notes:

- (1) *The net profit of the Vendor Group's master franchisee business in Australia and New Zealand excluding corporate stores operated by the Vendor Group as at 30 June 2014 is A\$1,667,921 (or approximately S\$1,945,630, based on the AUD/SGD exchange rate of 1.1665). On Completion of the Proposed Acquisition, the Group's income from the Intellectual Property Rights will be the licence fee under new terms agreed under the Conditional Licence Agreement with Asia Food.*

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 6.1 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.

	Number of Shares			
	Direct Interest	Deemed Interest	Total Interest	% of Issued Shares ⁽¹⁾
Stanley Tan Poh Leng	81,107,500	-	81,107,500	4.76
Pang Yoke Min	3,000,000	213,581,500 ⁽²⁾	216,581,500	12.71
Southport World Offshore Ltd	213,581,500	-	213,581,500	12.53
Oregold Pte. Ltd. ("Oregold")	191,845,000	-	191,845,000	11.26
Ng Tiong Gee	52,500	-	52,500	-

Notes:

(1) The percentage of issued Shares is calculated based on the number of issued Shares as at 29 August 2014, excluding any Shares held in treasury.

(2) Deemed interest by virtue of an interest as a beneficiary of Southport World Offshore Ltd.

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

7. SERVICE AGREEMENT(S)

No person will be appointed to the board of directors of the Company in connection with the Proposed Acquisition and no service contracts in relation thereto will be entered into by the Company.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the IP Agreement and the Conditional Licence Agreement 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.

9. 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.

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

1 September 2014