

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

THE PROPOSED DISPOSAL OF 80% SHAREHOLDING INTERESTS IN eFUSION SOLUTIONS 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 has on 19 May 2017 entered into a sale and purchase agreement (“**SPA**”) with Samara Ventures Pte. Ltd. (the “**Purchaser**”) and eFusion Solutions Pte. Ltd. (“**eFusion**”) for the proposed disposal by the Company of 80% of its shareholding interests (the “**Sale Shares**”) in eFusion (the “**Proposed Disposal**”).

The Company has also on 19 May 2017 entered into the Management Services Agreement (as defined in paragraph 3 below) with eFusion.

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

2. INFORMATION ON eFUSION AND THE PURCHASER

2.1 eFusion

eFusion is a company incorporated in Singapore and has, at the date of this announcement, an issued and paid up share capital of S\$200,000 comprising 200,000 ordinary shares. eFusion has the following subsidiaries:

- (a) 100% of Infomedia Services Pte. Ltd., a company incorporated in Singapore;
- (b) 100% of FDirect Marketing Sdn Bhd, a company incorporated in Malaysia; and
- (c) 95.7% of PT eFusion Indonesia, a company incorporated in Indonesia.

The Company acquired 70% of the total issued share capital of eFusion on 17 September 2010 through the combination of a subscription of new shares issued by eFusion as well as the purchase of existing shares from Samuel Lim Kok Eng (“**Lim Kok Eng**”) and Zhang Heling. On 30 March 2012, the Company purchased the remaining 30% shareholding of eFusion from Lim Kok Eng, and eFusion became a wholly owned subsidiary of the Company.

eFusion provides direct and channel marketing services, and specialises in delivering incremental sales by connecting companies to their target customers through the use of effective channels, technologies and customer databases.

2.2 Purchaser

The Purchaser is an investment holding company incorporated in Singapore, and is wholly owned by Lim Kok Eng.

Lim Kok Eng was the founder of eFusion, and is currently the chief executive officer and a director of eFusion.

3. CONSIDERATION FOR THE PROPOSED DISPOSAL

The cash consideration for the Sale Shares is a sum of S\$1.2 million (“**Consideration**”).

Shareholders are to note that in addition to the above Consideration, the conditions to completion of the Proposed Disposal are that:

- (a) eFusion writes off S\$1.12 million of intercompany balances owing by the Company to eFusion (“**Inter-Company Balances**”); and
- (b) the Company and eFusion executes a management services agreement (“**Management Services Agreement**”) for the provision by the Company to eFusion of office facilities support services at 1 Lorong 2 Toa Payoh, #01-03 Yellow Pages Building, Singapore 319637. The Management Services Agreement is for a minimum 3-year fixed term (till 31 May 2020), at a management fee of S\$0.5 million per annum payable by eFusion to the Company on a monthly basis. Pursuant to the Management Services Agreement, even if eFusion does not use or ceases to use the office facilities support services for whatever reason, or the Company is unable to provide the office facilities support services for any reason including a sale of the Yellow Pages building, eFusion shall continue to pay the Company the management fee on a monthly basis up to 31 May 2020. The total minimum management fee payable by eFusion over the 3-year term is S\$1.5 million.

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 eFusion;
- (b) the net tangible asset (“**NTA**”) value of the Sale Shares of S\$2.02 million, based on the latest announced unaudited consolidated financial statements of the Group for the 9-months ended 31 March 2017 (“**9M2017**”);
- (c) the aggregate net profit before income tax, minority interest and extraordinary items attributable to eFusion for 9M2017 based on the latest announced unaudited consolidated financial statements of the Group for 9M2017 as set out in paragraph 7;
- (d) the conditions precedent described in sub-paragraphs (b) to (e) in paragraph 5.1; and
- (e) the rationale for and benefits to the Company of the Proposed Disposal as set out in paragraph 4.

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

In line with the Company's disposal of its entire shareholding interests in Yamada Green Resources Limited on 11 November 2016, the Company is gradually shifting its focus to the property business due to, *inter alia*, the prospects and potential for long term growth in the real estate sector.

The Company has reviewed its ongoing strategy and is of the view that the risk return profile of its investments in the property market is more favourable than the continued investment and engagement in the business of eFusion.

The Proposed Disposal will allow the Company to focus and re-allocate more resources and capital to its property business.

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

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

5.1 **Conditions Precedent**

Completion of the Proposed Disposal ("**Completion**") is conditional upon the fulfilment of, *inter alia*, the following conditions ("**Conditions Precedent**"):

- (a) all other consents and approvals required for the Proposed Disposal under all applicable laws (including any requirements of the SGX-ST) being obtained, and where any consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion;
- (b) grant by the Company to eFusion of the Trademark Rights (as defined in paragraph 5.4 below);
- (c) grant by eFusion to the Company of the Customer Data Rights (as defined in paragraph 5.5 below);
- (d) execution by the Company and eFusion of the Management Services Agreement; and
- (e) writing off of the Inter-Company Balances.

5.2 **Long Stop Date**

The Company shall use all reasonable endeavours to ensure the fulfilment of the Conditions Precedent by 30 June 2017 or such other date as may be agreed between the Company and the Purchaser ("**Long Stop Date**").

If the Conditions Precedent are not fulfilled or waived by the Long Stop Date, the SPA will be terminated and the Company and the Purchaser shall not have any claims against each other.

5.3 **Completion**

Completion will take place on the date on which the Conditions Precedent are fulfilled or waived, or a date agreed by the Company and the Purchaser ("**Completion Date**").

5.4 **Trademark Rights**

The Company grants to eFusion non-exclusive royalty free rights to use some of the Company's trademarks as set out in the SPA and the Company's consumers and business listings data for a period of five (5) years from Completion Date subject to the Company's right to terminate these non-exclusive royalty free rights at any time by giving eFusion one (1) month's notice ("**Trademark Rights**").

5.5 **Customer Data Rights**

eFusion grants to the Company non-exclusive royalty free rights to use eFusion's customer data obtained by eFusion after the Completion Date, for a period of five (5) years from Completion Date subject to eFusion's right to terminate these non-exclusive royalty free rights at any time by giving the Company one (1) month's notice ("**Customer Data Rights**").

For the avoidance of doubt, the Company has the perpetual non-exclusive royalty free rights to eFusion's customer data as at Completion Date and can continue to use this data freely, which eFusion does not have the right to terminate.

In the event that the Company sells or transfers its business to other entities which are not within the Group, the Company will obtain an undertaking from the buyer or transferee that it will not use eFusion's customer data to enter into a competing business of eFusion.

5.6 **Termination**

The Company or the Purchaser will be entitled to terminate the SPA if on or prior to Completion Date:

- (a) there is a material breach of warranties by the other party under the SPA; or
- (b) the Purchaser or the Company receives a notice of injunction or other order or notice restraining or prohibiting the transactions contemplated by the SPA or notice that the foregoing is pending or threatened.

Whether the Company or the Purchaser elects to exercise its right of termination as described above, or chooses not to exercise its right of termination and proceed to Completion instead, neither party will have any claims against the other.

5.7 **Restrictions on share transfer**

Upon Completion, the Company will be a 20% shareholder of eFusion while the Purchaser will own 80% of eFusion.

Pursuant to the SPA, either shareholder of eFusion who desires to sell its shares in eFusion ("**Transferring Shareholder**") must first offer such shares to the other shareholder ("**Buying Shareholder**"), unless the Transferring Shareholder is transferring its eFusion shares to a member of its own group.

If the Buying Shareholder declines to buy the Transferring Shareholder's shares, the Transferring Shareholder may notify the Buying Shareholder of the identity of the third party buyer ("**Third Party**"), the number of eFusion shares that will be sold, and the price at which the Transferring Shareholder will be selling its shares ("**Co-Sale Notice**").

Upon receipt of the Co-Sale notice, the Buying Shareholder will have the option to sell a proportional amount of its shares in eFusion to the Third Party on terms and conditions no less favourable than those in the Co-Sale Notice.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 Proceeds over Book Value

Based on the latest announced unaudited consolidated financial statements of the Group for 9M2017, the book value and NTA value of the Sale Shares amounts to S\$4.34 million and S\$2.02 million respectively.

Based on the aggregate amount of S\$3.82 million which the Company will receive and/or benefit from the Proposed Disposal, the loss on the Proposed Disposal and the deficit over book value of the Sale Shares is approximately S\$0.71 million and S\$0.52 million respectively. If we exclude the minimum management fee of S\$1.5 million payable over three years from the aggregate amount that the Company will receive and/or benefit from the Proposed Disposal, the loss on the Proposed Disposal and the deficit over book value of the Sale Shares is approximately S\$2.58 million and S\$2.02m respectively.

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 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 the financial year ended 30 June 2016 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 2016;
- (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 2015;
- (c) the Consideration of S\$1.2 million, waiver of Inter-Company Balance of S\$1.12 million, and total minimum management fee of S\$1.5m payable over a three-year term are taken into account for the purposes of calculating the financial effects; and

- (d) the loss on the Proposed Disposal of approximately \$0.71m and the expenses in connection with the Proposed Disposal are disregarded for the purposes of calculating the financial effects.

NTA

	Before Proposed Disposal	After Proposed Disposal
NTA (S\$'000s)	40,441	42,023 ⁽¹⁾
Number of Shares as at 30 June 2016	175,938,953	175,938,953
NTA per Share (S\$)	0.23	0.24 ⁽¹⁾

EPS

	Before Proposed Disposal	After Proposed Disposal
Net loss attributable to Shareholders (S\$'000s)	9,310	9,876
Weighted average number of Shares	172,725,536	172,725,536
Loss per share (S\$)	0.05	0.06

Note:

- (1) *If we exclude the minimum management fee of S\$1.5 million payable over three years from the aggregate amount that the Company will receive and/or benefit from the Proposed Disposal, the NTA and NTA per share after Proposed Disposal is \$40,148,000 and \$0.23 respectively.*

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 announced unaudited consolidated financial statements of the Group for 9M2017 are as follows:

		Relative Figures (%)
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	6.5% ⁽¹⁾
Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	5.5% ⁽²⁾
Rule 1006(c)	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.	12.0% ⁽³⁾⁽⁴⁾⁽⁵⁾
Rule 1006(d)	The number of equity securities issued by the	Not applicable.

	Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	
Rule 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) *Based on 80% of the unaudited net asset value of eFusion as at 31 March 2017 of S\$4.34 million and the Group's unaudited consolidated net asset value as at 31 March 2017 of S\$67.15 million.*
- (2) *Based on 80% of the unaudited net profit before income tax, minority interest and extraordinary items attributable to eFusion for 9M2017 of S\$0.22 million and the unaudited net profit before income tax, minority interest and extraordinary items of the Group for 9M2017 of S\$4.08 million.*
- (3) *Based on the aggregate amount of S\$3.82 million which the Company will receive and/or benefit from the Proposed Disposal and includes the minimum management fee of S\$1.5 million payable over three years.*
- (4) *The Company's weighted average share price as at 18 May 2017 being the market day preceding the date of the SPA is S\$0.152. Source: SGX Website.*

The market capitalisation of the Company is S\$31.78 million, based on 209,100,682 Shares in issue as at 18 May 2017 (being the market day 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\$0.152.
- (5) *If we exclude the minimum management fee of S\$1.5 million payable over three years from the aggregate amount that the Company will receive and/or benefit from the Proposed Disposal, the relative figure of 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 is 7.3%.*

Based on the latest announced unaudited consolidated accounts for the Group for 9M2017, the relative figure computed on the basis set out in Rule 1006(a), 1006(b) and 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 and the Management Services Agreement is available for inspection at the registered office of the Company at 1, Lorong 2 Toa Payoh, Yellow Pages Building, Singapore 319637 during normal business hours for three (3) months from the date of this announcement.

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions set out in paragraph 5.1 above, and accordingly 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: 19 May 2017