

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

THE PROPOSED CAPITAL REDUCTION EXERCISE TO REDUCE THE SHARE CAPITAL OF THE COMPANY

THE PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

The Board of Directors of Global Yellow Pages Limited (the "**Company**") wishes to announce that the Company is proposing to undertake a capital reduction exercise (the "**Proposed Capital Reduction**") pursuant to Section 78A read with Section 78C of the Companies Act (Chapter 50) of Singapore ("**Companies Act**") by reducing and cancelling the share capital¹ of the Company, which is unrepresented by available assets to the extent of S\$59,800,053 as at 30 June 2015 ("**Accumulated Losses**").

2. DETAILS AND RATIONALE OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction will be effected in the following manner:

- (a) by reducing the share capital of the Company from S\$134,292,968 to S\$74,492,915 by the cancellation of the share capital of the Company that has been lost or is unrepresented by available assets to the extent of S\$59,800,053; and
- (b) thereafter by applying an amount equal to S\$59,800,053 being the credit arising from the cancellation of the share capital of the Company, towards the writing-off of the Accumulated Losses of S\$59,800,053.

Such Accumulated Losses arose mainly from one-off non-cash impairment of intangible assets of S\$45.1 million relating to trademarks with indefinite useful life and non-cash impairment of S\$22.8 million for investment in an associated company, amounting to S\$67.9m in total for the financial year ended 30 June 2015 as announced by the Company on 28 August 2015.

The trademarks relate to registered trademarks associated with the Company's business of publishing of telephone directories as well as classified directory advertising and associated products and services in Singapore. The impairment testing of trademarks valuation has been determined based on value-in-use calculations. There are no changes to the bases used for the valuation of the trademarks in the current reporting period as compared to the previous reporting periods.

The impairment assessment for the investment was performed in accordance with Financial Reporting Standard 36 Impairment of Assets to determine the recoverable amount of the investment, which is the higher of its fair value less costs of disposal and its value in use. The

¹ As stated in the unaudited financial information of the Company for the financial year ended 30 June 2015 announced by the Company on 28 August 2015.

fair value less costs of disposal was used to determine the recoverable amount as it is the higher of the two methods. Based on the share price of the associated company as at 30 June 2015, the fair value less costs of disposal amounted to S\$11.6 million, resulting in an impairment of S\$22.8 million.

The impairments were made in the Company's financial statement for the financial year ended 30 June 2015 and announced on the SGXNET on 28 August 2015.

The Proposed Capital Reduction will reduce the Company's accumulated losses as at 30 June 2015 by the cancellation of the share capital of the Company to the extent of S\$59,800,053.

There will be no change to the total number of issued ordinary shares in the capital of the Company ("**Shares**") held by the Shareholders immediately after the Proposed Capital Reduction, nor will the Proposed Capital Reduction involve the payment to any Shareholders of any paid-up share capital of the Company.

The purpose of the Proposed Capital Reduction is to write off the Accumulated Losses with a view to restructuring the finances of the Company. This serves to rationalise the balance sheet of the Company to reflect more accurately the value of its underlying assets, and thus the financial position of the Company. In addition, the Proposed Capital Reduction will facilitate future equity-related fund raising exercises to recapitalise and strengthen the balance sheet of the Company. The Company would be in a better position to retain profits and enhance its ability to pay future dividends if the Accumulated Losses are written off. The Directors will take into consideration the present and future funding needs of the Company, and the Company and its subsidiaries ("**Group**") before declaring any dividends

3. FINANCIAL EFFECTS OF THE PROPOSED CAPITAL REDUCTION

The effect of the Proposed Capital Reduction is set out below. The financial effects of the Proposed Share Capital as illustrated, are based on, *inter alia*, the assumption that the Proposed Share Capital Reduction was completed on 30 June 2015.

(a) Share Capital

Share Capital	As at 30 June 2015	
	No. of Shares (including Shares held as treasury <u>shares</u>)	S\$
Before the Proposed Capital Reduction	175,938,953	134,292,968
After the Proposed Capital Reduction	175,938,953	74,492,915

The Proposed Capital Reduction will reduce the paid-up share capital of the Company by S\$59,800,053 to write off the Accumulated Losses. **The number of issued Shares and the percentage of Shares held by Shareholders will remain unchanged immediately after the Proposed Capital Reduction. No capital will be returned to the Shareholders.**

(b) **Shareholders' Fund**

	As at 30 June 2015			
	<u>Group</u>		<u>Company</u>	
	Before the Proposed Capital Reduction (S\$'000)	After the Proposed Capital Reduction (S\$'000)	Before the Proposed Capital Reduction (S\$'000)	After the Proposed Capital Reduction (S\$'000)
Share Capital	134,293	74,493	134,293	74,493
Treasury shares	(5,775)	(5,775)	(5,775)	(5,775)
Share option reserve	57	57	57	57
Currency translation reserve	(2,580)	(2,580)	-	-
Other reserve	(2,348)	(2,348)	-	-
Accumulated (losses)/retained earnings	(54,528)	5,272	(59,800)	-
Shareholders' fund	69,119	69,119	68,775	68,775

The Proposed Share Capital Reduction will not have any impact on the NTA, EPS and Gearing of the Company and the Group.

4. CONDITIONS OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction is subject to, *inter alia*, the following:

- (a) the clearance of the circular to shareholders on the Proposed Capital Reduction by the Singapore Exchange Securities Trading Limited;
- (b) the approval of Shareholders by way of a special resolution ("**Capital Reduction Resolution**") passed at the Extraordinary General Meeting ("**EGM**");
- (c) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the timeframe prescribed in the Companies Act; and
- (d) lodgement of the relevant documents with the Registrar of Companies ("**Registrar**") after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction Resolution.

If during the six (6) weeks beginning with the Capital Reduction Resolution date, one or more applications for the cancellation of the Capital Reduction Resolution has been made under Section 78D(2) of the Companies Act, for the Proposed Capital Reduction to take effect, the following conditions must be satisfied:

- (i) the Company must give to the Registrar notice of the application(s) for the cancellation of the Capital Reduction Resolution as soon as possible after such application(s) have been served on the Company by the creditor(s);
- (ii) the proceedings in relation to each application for the cancellation of the Capital Reduction Resolution must be brought to an end by either the dismissal of the application under Section 78F of the Companies Act or without determination (for example, because the application has been withdrawn); and
- (iii) lodgement of the relevant documents with the Registrar within 15 days beginning with the date on which the last such proceedings were brought to an end in accordance with paragraph (ii) above.

5. CIRCULAR TO SHAREHOLDERS

A Circular containing, *inter alia*, the Notice of EGM and the details of the Share Capital Reduction will be despatched to the Shareholders in due course.

BY ORDER OF THE BOARD

Lee Wei Hsiung
Company Secretary

10 September 2015