



**NZAX / MEDIA RELEASE**

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**Cooks Global Foods secures conditional \$9 million equity injection; signals public offer**

*Conditional investments by China's Jiayayue Group and Cooks Global Foods Executive Chairman Keith Jackson to fund Esquires Coffee growth plans including the store roll out across Asia, the Middle East, Europe and North America*

Cooks Global Foods (CGF) today announces it has secured conditional equity commitments from a significant strategic investor which, along with an additional commitment from CGF's Executive Chairman, Keith Jackson, will raise new capital of \$9 million to underpin the long-term future of the business.

It also announces it intends to launch a public offer to raise up to an additional \$9 million to accelerate the global expansion of the Esquires Coffee brand.

China's Jiayayue Group Co. Ltd (JJY), and Mr Jackson, have signed a conditional heads of agreement with CGF to each contribute capital of \$4.5 million in exchange for 35,156,250 shares priced at \$0.128 per share.

JJY already works closely with CGF, with the parties having formed a joint venture in 2013 to develop 30 Esquires outlets in Shandong Province, China. JJY is one of the largest retail companies in Shandong, employing almost 18,000 staff and operating more than 550 supermarkets.

As part of the transaction, JJY and Mr Jackson will together also acquire an existing 40.29% stake in CGF from DSL Management, an entity controlled by CGF Executive Directors Stuart Deeks and Lewis Deeks, for \$0.05 cents per share. CGF has entered a share sale agreement with DSL Management where it has agreed to procure this sale.

The transactions are subject to conditions as are further described below, including non-associated shareholder approval. JJY and Mr. Jackson may, in concluding the formal agreements with CGF, introduce further investor(s) to join them in undertaking these transactions.

CGF Executive Chairman Keith Jackson said: "Esquires Coffee is at the leading edge of global branded coffee outlets. As coffee consumers become more sophisticated, they look for the artisan, authentic, Fairtrade and Organic coffee experience that is at the heart of the Esquires brand. The new capital will allow CGF to further realise this potential around the world."

“Having JJY as a major shareholder aligns the interests of our important strategic partner with other shareholders and the vision of the company while we continue to accelerate our expansion in China and further afield.”

“Meanwhile, the capital raised will enable the delivery of a five year strategic growth plan focused on both existing and new international markets to gain critical mass. This includes CGF’s share of investment in new stores in Asia, the Middle East, Europe and North America.”

### **Heads of Agreement**

Together, JJY and Mr Jackson have agreed to:

1. Subscribe for 70,312,500 new shares in CGF at \$0.128 per share, to a total value of \$9.0 million;
2. Acquire 136,348,909 existing shares from DSL Management at \$0.050, for a total value of \$6.8 million.

Once complete, JJY will hold 103,330,705 ordinary shares, 25.28% of the shares of CGF. With the ordinary shares acquired from this transaction and existing holdings, Mr Jackson will control the largest shareholding in CGF, with a 34.96% stake.

JJY will be invited to nominate one director to the Board of CGF following the completion of the transaction.

The sale of DSL’s stake in CGF signals the end of the Deeks brothers’ long standing association with Esquires Coffee, as they will leave the Board of CGF and their executive roles in order to pursue other interests.

CGF Executive Chairman Keith Jackson said: “The Board wishes to thank Stuart and Lewis for their dedication to and passion for the Esquires business. Their contribution to Esquires has been significant.”

Commenting on their departure, Stuart Deeks said: “Building the Esquires business globally has been rewarding for both of us however after 14 years it is time for a new challenge.”

### **Approvals Required**

The transactions are subject to JJY and Mr Jackson signing formal documents with CGF in relation to the transactions. These may, once completed, contain additional conditions including as to securing finance. Further information will be released in due course.

In order to comply with the Takeovers Code and NZAX Listing Rules, the transactions are subject to shareholder approval at CGF’s annual meeting to be held in late September 2015.

CGF expects to send a circular to shareholders explaining the transaction and the approvals required at the same time as it sends the notice of meeting. Shareholders will also receive an independent report on the merits of the transactions as required by the Takeovers Code.

The sale of the shares by DSL Management under this transaction has required NZX approval for the early release of approximately 45% of the shares held by DSL Management from escrow. Those escrow arrangements were agreed on 15 October 2013 and are due to expire on 15 October 2015. Accordingly the release will only be for a very short component of the overall escrow term.

### **Public offer**

Associated with this transaction CGF intends to launch a public offer for new shares to raise up to an additional \$9 million to further assist the growth of the Esquires Coffee brand worldwide.

Details of the planned public offer will be released to the market before it is launched. No money is currently being sought and no applications will be accepted unless the subscriber has received the offer document.

“This transaction is an excellent outcome for all parties and is a significant milestone in CGF’s history, securing our long term future as we look to realise our vision of being the world’s largest Organic and Fairtrade Coffee retailer operating at least 800 Esquires stores globally by 2020,” Mr Jackson said. “The global café industry is being driven through growth in both emerging markets and in the traditional developed markets and Esquires is sharing in that growth.”

As reported previously, Esquires Coffee’s new brand, and new store formats, which cleverly integrate local tastes with all the best elements of New Zealand’s innovative café culture, are being well received and resonate well with coffee consumers globally. Further, the Organic & Fair Trade, ethical and sustainability principles that are at the heart of the Esquires brand are increasingly being sought out by discerning coffee consumers and are at the foundation of the company’s growth.

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**About Cooks Global Foods:**

Cooks Global Foods operates in world markets and is listed on the NZAX market operated by NZX Limited in New Zealand under the code CGF. It owns the intellectual property and master franchising rights to Esquires Coffee Houses worldwide excluding New Zealand and Australia. CGF currently operates or franchises Esquires Coffee Houses in the United Kingdom, Ireland, the Middle East and China. Related businesses within the group include New Zealand-based supply companies Progressive Processors and Scarborough Fair, which supply product into both Esquires stores and other third party customers. See: [www.cooksglobalfoods.com](http://www.cooksglobalfoods.com)

**About Jiajiayue Group Co. Ltd:**

Founded in June 1981, Jiajiayue Group Co. Ltd (JJY) is wholly owned by Jiajiayue Investment Holding Co. Ltd as its core subsidiary company. JJY's main business focus is as a supermarket chain with integrated agriculture products processing; wholesaling and retailing; and logistics distributing services.

At the end of 2014, JJY employed almost 18,000 staff and owned more than 550 directly managed supermarkets in China, and aims to reach 1,000 supermarkets by the end of 2017. In 2013, JJY's sales reached more than CNY10.0 billion (NZ\$2.4 billion) with total capital assets of CNY5.7 billion (NZ\$1.4 billion).

It also owns over 1 million square metres of business land area. JJY's network reaches more than 40 cities and counties in Shandong with a comprehensive structure of farmers' markets, department stores, supermarkets and village stores.

The company's vision is "becoming the best Retail Company in China" and the company's mission is "creating value for society, customers and employees". Through regional intensity and a simultaneous multi-business format developing strategy, JJY is able to strengthen its logistics chain in fresh and grocery goods distribution while also gaining scale advantages and obtaining the leading industry position in the Shandong retail market.

Online shopping website (Online supermarket) <http://www.jiajiayue.com/index.htm>