

**YKGI Limited**  
(Company Registration No. 202227645Z)  
(Incorporated in Singapore)

**ENTRY INTO SHAREHOLDERS' AGREEMENT, INCORPORATION OF SUBSIDIARY AND ENTRY INTO THE "CHICHA SAN CHEN" BUSINESS IN MACAU**

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**1. Introduction**

The Board of Directors ("**Board**") of YKGI Limited ("**Company**"), and together with its subsidiaries, ("**Group**") wishes to announce that YKGI Ventures Pte. Ltd. ("**YKGI Ventures**"), a wholly-owned subsidiary of the Company, had on 28 December 2023 entered into a shareholders' agreement ("**SHA**") with Hachioji Trading Limited ("**Hachioji**") pursuant to which YKGI Ventures and Hachioji had agreed to incorporate a company to carry on the Macau CHICHA Business (as defined below).

**2. Incorporation of Yew Kee Group International (Macau) Limited**

In connection with its entry into the SHA, YKGI Ventures, together with Hachioji, had on 28 December 2023 incorporated Yew Kee Group International (Macau) Limited ("**YK Macau**"), a company incorporated in Macau with an initial issued capital of Macanese Patacas ("**MOP**") 40,000 (Singapore Dollars ("**S\$**") 6,960<sup>1</sup>). The Company holds 90.0% of YK Macau's capital through YKGI Ventures, YK Macau is a subsidiary of the Company. The remaining 10.0% of YK Macau is held by Hachioji. Please refer to paragraph 5.1 below for more details on the shareholding structure of YK Macau.

Subject to the entry into of the master franchise agreement as elaborated below, YK Macau will be principally engaged in the business of retail food and beverage outlet(s) operating and conducting business under the trade name of "CHICHA San Chen" within Macau and such other countries as determined and agreed upon by YKGI Ventures and Hachioji from time to time ("**Macau CHICHA Business**"). YK Macau is finalising with Fang Yuan F&B International Co., Ltd. ("**Fang Yuan**") on a master franchise agreement in order to operate the Macau CHICHA Business.

**3. Information on Hachioji**

Hachioji is a private company limited by shares incorporated in Hong Kong on 17 November 2005 and has an issued and paid-up capital of MOP 25,000 (S\$4,350). The shareholders of Hachioji are (a) Cheong Weng who holds 92.0% of its issued and paid-up capital and (b) Cai Xiufang who holds 8.0% of its issued and paid-up capital. The principal activities of Hachioji are in the business of catering management, food processing and retail wholesale, trade, commerce and property investment in Macau.

To the best knowledge of the Board, Hachioji, its directors and its shareholders are independent of the Group, the Company, their directors, substantial shareholders and their respective associates.

**4. Rationale for the SHA and entry into the Macau CHICHA Business**

The Group's entry into the SHA and entry into the Macau CHICHA Business is in line with the Group's business strategies to expand our outreach through strategic acquisitions and joint venture partnerships, as well as expand its franchise business into other jurisdictions.

The Macau CHICHA Business undertaken through YK Macau is expected to provide additional future revenue streams for the Group and would also enable the Group to leverage on the business networks and know-how of Hachioji and to acquire and develop the Group's expertise in the business of retail food and beverage in Macau.

Accordingly, the Board is of the view that the entry into the SHA and the Group's venture into the Macau CHICHA Business is in the best interests of the Company and its shareholders.

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<sup>1</sup> Unless otherwise stated in this announcement, the Macanese pataca amounts in this announcement have been translated into Singapore dollars based on an assumed exchange rate of S\$1.00 to MOP5.7471.

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Notwithstanding that this is the Group's first venture into a foreign market, after considering the size of investment and the Group's experience in the "CHICHA San Chen" franchise, the Board is of the view that this project will have no significant impact on the Group's risk profile.

### 5. Salient Terms of the SHA

#### 5.1 Formation and Share Capital of YK Macau

The initial paid-up capital of YK Macau shall comprise MOP 40,000 (S\$6,960) contributed by YKGI Ventures and Hachioji in the proportion of 90.0% and 10.0%, respectively ("**Initial Paid-Up Capital**").

It is intended for the issued and paid-up capital of YK Macau to always be held and maintained in the following agreed proportion:

Shareholder	Shareholding
YKGI Ventures	90.0%
Hachioji	10.0%
<b>Total</b>	<b>100.0%</b>

Further, except with the mutual written consent of YKGI Ventures and Hachioji, there shall be no event in which YK Macau shall issue and/or allot additional shares, securities convertible into shares, derivatives or financial instruments of any kind such that the respective shareholdings of any of YKGI Ventures or Hachioji may be diluted or diminished.

#### 5.2 Shareholder Loans

Each of Hachioji and YKGI Ventures agrees to extend shareholders' loans ("**Shareholder Loans**") to YK Macau for a total principal amount of Hong Kong Dollars ("**HKD**") 5,919,100 (S\$1,000,000<sup>2</sup>), of which 90.0% shall be contributed by YKGI Ventures and 10.0% shall be contributed by Hachioji, all in cash. The Shareholder Loans shall be paid in two (2) tranches, with the first tranche of HKD 2,663,595 (S\$450,000) by YKGI and HKD 295,955 (S\$50,000) by Hachioji to be paid to YK Macau within four (4) weeks from the date that YK Macau successfully opens a bank account in Macau, and the second remaining tranche of HKD 2,663,595 (S\$450,000) by YKGI Ventures and HKD 295,955 (S\$50,000) by Hachioji to be paid to YK Macau within twenty four (24) weeks from the date that YK Macau successfully opens a bank account in Macau. No interest is payable on the Shareholder Loans. The maturity date for the Shareholder Loans shall be five (5) years from the date that YK Macau successfully opens a bank account in Macau (in relation to both the first tranche and second tranche) pursuant to which YK Macau shall have the absolute discretion to determine whether the Shareholder Loans shall be repaid in cash, converted into equity in YK Macau, or a combination of both. Any repayment of the Shareholder Loans shall be made concurrently and in the same form to both Hachioji and YKGI Ventures in proportion to the loans extended by each shareholder. Each of Hachioji and YKGI Ventures further undertakes to enter into loan agreements with YK Macau to record the Shareholder Loans.

#### 5.3 Additional Funding

In the event that YKGI Ventures and Hachioji mutually determine that YK Macau requires additional funding ("**Additional Funding**"), YKGI Ventures and Hachioji shall collectively decide on the source(s) of such Additional Funding, which may include bank facilities, shareholder loans or capital contributions from the existing shareholders of YK Macau. YKGI Ventures and Hachioji will also consider whether or not to approach banks or other financial institutions or, in appropriate circumstances, to seek such further finance from other sources. None of YKGI Ventures or Hachioji are obliged to provide any further finance unless they agree on the amount and method of financing. In the event that YKGI Ventures and Hachioji determine that the further financing requirements of YK Macau shall be provided by way of external borrowings from third parties, each of YKGI Ventures and Hachioji shall use best endeavours to procure that commercial loans and other loans

<sup>2</sup> Unless otherwise stated in this announcement, the Hong Kong dollar amounts in this announcement have been translated into Singapore dollars based on an assumed exchange rate of S\$1.00 to HKD5.9191.

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from banks or other financial institutions, or other sources, be made to YK Macau and shall, when so required by the lender(s), furnish several (but not joint) guarantees in proportion to its respective shareholding in YK Macau.

### **5.4 Term**

The SHA shall initially continue for a period of eight (8) years from the date of the SHA, unless otherwise terminated in accordance with the SHA.

### **5.5 Board Composition**

The board of directors of YK Macau shall comprise three (3) directors: two (2) directors nominated by YKGI Ventures, and one (1) director nominated by Hachioji.

### **5.6 Non-Competition**

Hachioji shall not, for the duration of the SHA and/or so long as it retains an interest in YK Macau, carry on, engage or be interested directly or indirectly in a business operating a same or similar store concept to the Macau CHICHA Business in Macau and such other countries as determined and agreed upon by YKGI Ventures and Hachioji from time to time, without prior consent in writing of YKGI Ventures, and shall procure that its employees, immediate family members and agent(s) adhere strictly to such restrictions. Hachioji shall not be deemed to breach such restrictions by virtue of its shareholdings in, and operating of, YK Macau.

### **5.7 Dividend**

Subject to compliance with the applicable laws in Macau and insofar as YK Macau has profits available for distribution, each of YKGI Ventures and Hachioji agrees that YK Macau shall, in every financial year, declare a minimum of 50.0% of its profits as dividends to its shareholders.

## **6. Financial effects of entry into the SHA, incorporation of YK Macau and undertaking the Macau CHICHA Business**

The entry into the SHA, the incorporation of YK Macau and the undertaking of the Macau CHICHA Business will be funded through the Group's internal resources and, at present, is not expected to have any material impact on the net tangible assets and earning per share of the Group for the financial year ending 31 December 2023.

## **7. Interests of Directors, Controlling Shareholders and Substantial Shareholders**

None of the Company's directors, controlling shareholders or substantial shareholders have any interest, direct or indirect in the SHA and/or Hachioji, other than through their respective shareholdings in the Company, nor are they related to Hachioji or any of their respective directors, executive officers or substantial shareholders.

## **8. Documents available for inspection**

A copy of the SHA is available for inspection by shareholders at the registered office of the Company at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 during normal office hours for three (3) months from the date of this announcement.

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### **9. Further announcements**

The Company will keep shareholders informed of any further development(s) on the Macau CHICHA Business by way of further announcement(s) as appropriate or when there are material developments in respect of the same. Accordingly, the Company will make the necessary announcement when YK Macau enters into the master franchise agreement with Fang Yuan.

By Order of the Board

Seah Qin Quan  
Chief Executive Officer and Executive Director  
28 December 2023

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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