



KOUFU GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 201732833D)

ENTRY INTO JOINT VENTURE AGREEMENT TO EXPAND THE BUSINESS IN INDONESIA

1. INTRODUCTION

The Board of Directors of Koufu Group Limited (the “**Company**”) wishes to announce that its subsidiary, Super Tea (S) Pte. Ltd. (“**Super Tea**”) has on 18 December 2019 entered into a joint venture agreement (the “**Agreement**”) with PT. Berkah Cipta Adirasa (the “**JV Partner**”), pursuant to which together with the JV Partner have agreed to establish a joint venture company (“**JV Co**”) to develop, establish, manage and operate the business of operating food and beverage outlets under the Proprietary Marks of Super Tea and to grant sub-licences to other parties to operate the same within the Republic of Indonesia, upon the terms and subject to the conditions set out in the respective franchise agreements.

2. INFORMATION ON THE JV CO

The JV Co is to be incorporated in the Republic of Indonesia with an initial issued paid-up share capital of IDR 10.0 billion. The agreed shareholdings of the respective parties in the JV Co are set out below:-

Name of JV Party	Country of Incorporation	Shareholding percentage	Paid up capital
Super Tea (S) Pte. Ltd	Incorporated in Singapore	55%	IDR 5.5 billion
PT. Berkah Cipta Adirasa	Incorporated in Indonesia	45%	IDR 4.5 billion

Accordingly, Super Tea shall subscribe for 55% of the equity interest in the JV Co for a cash consideration of IDR 5.5 billion (equivalent to S\$540,000) (the “**Transaction**”).

3. INFORMATION ON JV PARTNER

PT. Berkah Cipta Adirasa

The JV Partner is an investment holding company jointly-owned by Mr Felix Lokanata, Mr Tono Bong, Mr Henry Saputra and Mr Ferry Saputra.

Mr Felix Lokanata is a director of PT. Triloka Bintang Fortuna, a company in textile fabric manufacturing sector in Bandung, Indonesia, a family business which started since 1976.

Mr Tono Bong is the chief executive officer of PT. Arif Cipta Mandiri, a family business of the famous premium meatball food chains of “A Fung” in Jakarta, Bali and Surabaya, Indonesia.

Mr Henry Saputra and Mr Ferry Saputra are directors in PT. Artha Rasa Abadi, a family business operating the Chinese restaurant chain, namely Jun Njan and Foek Lam in Indonesia.

4. SALIENT TERMS OF THE AGREEMENT

Constitution of Board and Board of Commissioners

Under the Agreement, it was agreed that the board of directors of the JV Co shall comprise 4 directors, and any shareholder holding majority shares shall be entitled to appoint the President Director. Each shareholder shall be entitled to appoint two directors. The Board of Commissioners of the JV Co shall consist of 1 Commissioner as appointed by Super Tea

Transfer of Shares

The JV Partner shall be entitled to acquire further shares from Super Tea constituting up to 15% of the total share capital of the JV Co subject to the agreed milestones as set out in the JV Agreement. The JV Partner is entitled to exercise its right to acquire shares within 3 years when the respective milestones are achieved in progressive stages.

5. RATIONALE FOR THE JOINT VENTURE

The joint venture presents the Group with an opportunity and an effective platform to expand its business of operating food and beverage outlets in the Republic of Indonesia. In addition, the joint venture is in line with the Group’s long term objectives of delivering growth and enhancing its revenue stream. The Group is of the view that this strategic addition will be largely beneficial.

6. FINANCING AND FINANCIAL EFFECTS OF THE TRANSACTION

The Transaction will be funded through internal sources and is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2019.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Transaction other than through their shareholdings interests in the Company.

8. FURTHER ANNOUNCEMENTS

The Company will update shareholders on material developments relating to the joint venture, if any.

**By Order of the Board
Koufu Group Limited**

Pang Lim
Executive Chairman and Chief Executive Officer

18 December 2019

DBS Bank Ltd. is the sole issue manager, global coordinator, bookrunner and underwriter (the "**Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter**") for the initial public offering of shares in, and listing of, Koufu Group Limited on the Main Board of the Singapore Exchange Securities Trading Limited. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.