

## INCORPORATION OF SUBSIDIARY AND ENTRY INTO JOINT VENTURE AGREEMENT

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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 15 August 2023 entered into a joint venture agreement (“**JVA**”) with Oriental Coffee International Sdn. Bhd. (“**Oriental Kopi**”) pursuant to which YKGI Ventures and Oriental Kopi had agreed to incorporate a joint venture company to carry on the JV Business (as defined below) (“**Joint Venture**”).

### 2. Incorporation of subsidiary

In connection with its entry into the JVA, YKGI Ventures, together with Oriental Kopi, had on 15 August 2023 incorporated Oriental Kopi (Singapore) Pte. Ltd. (“**JV Company**”), a company incorporated in Singapore with an initial paid-up capital of S\$10,000 comprising 10,000 ordinary shares. Upon opening of the JV Company’s bank account, the paid-up share capital of the JV Company shall be increased to the Initial Paid-Up Capital (as defined below) in accordance with the terms of the JVA.

### 3. Information on Oriental Kopi

Oriental Kopi is a private company limited by shares incorporated in Malaysia on 20 April 2021 and has an issued and paid-up capital of RM2,493,845 comprising 2,500,000 ordinary shares. The shareholders of Oriental Kopi are (a) Dato’ Chan Jian Chern who holds 1,375,000 ordinary shares representing 55% of its issued and paid-up capital and (b) Ms. Chan Yen Min who holds 500,000 ordinary shares representing 20% of its issued and paid-up capital and (c) Mr. Koay Song Leng who holds 350,000 ordinary shares representing 14% of its issued and paid-up capital and (d) Ms. Wong Ai Kuen who holds 125,000 ordinary shares representing 5% of its issued and paid-up capital and (e) Mr. Koay Chor Leng who holds 75,000 ordinary shares representing 3% of its issued and paid-up capital and (f) Mr. Ho Poh Chian who holds 75,000 ordinary shares representing 3% of its issued and paid-up capital. The principal activities of Oriental Kopi are in the business of food and beverage serving activities providing complete meals and drinks for immediate consumption.

To the best knowledge of the Board, prior to the Joint Venture, Oriental Kopi, its directors and its shareholders are independent of the Group, the Company, its directors, substantial shareholders and their respective associates.

### 4. Rationale for the Joint Venture

The Group’s entry into the Joint Venture is in line with the Group’s business strategies to expand our outreach through strategic acquisitions and joint venture partnerships.

The JV Business (as defined below) 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 Oriental Kopi and to acquire and develop the Group’s expertise in operating traditional coffee houses in Singapore.

The Board is of the view that there is no change in risk profile of the Group by engaging in the JV Business.

## 5. Salient Terms of the JVA

### 5.1 Formation and Share Capital of the JV Company

The initial paid-up capital of the JV Company shall comprise S\$1,000,000 contributed by the Company and Oriental Kopi in the proportion of 90% and 10%, respectively (“**Initial Paid-Up Capital**”).

YKGI Ventures and Oriental Kopi shall collectively decide on the source(s) of any additional funding as may be required by the JV Company. In the event any additional capital contribution to the JV Company is required, 80% and 20% of such capital contributions shall be contributed by YKGI Ventures and Oriental Kopi, respectively.

Pursuant to the terms of the JVA, notwithstanding their respective proportion of capital contributions, the issued and paid-up capital of the JV Company shall always be held and maintained in the following agreed proportion:

Shareholder	Shareholding
YKGI Ventures	70%
Oriental Kopi	30%
<b>Total</b>	<b>100%</b>

### 5.2 The Business of the JV Company

The JV Company will be principally engaged in the business of retail food and beverage outlet(s) operating and conducting business under the trade name of “Oriental Kopi” within Singapore and such other countries as determined and agreed upon by YKGI Ventures and Oriental Kopi from time to time (“**JV Business**”).

### 5.3 JV Period

The Joint Venture shall commence on the date of the JVA and shall initially continue for a period of five (5) years with an option for renewal for a further five (5) years, subject to the mutual agreement of YKGI Ventures and Oriental Kopi.

### 5.4 Security Deposit

YKGI Ventures shall provide Oriental Kopi with a security deposit of S\$200,000 (“**Security Deposit**”) of which S\$50,000 shall be deposited in cash and the remaining S\$150,000 shall be deposited by way of a banker’s guarantee. The cash portion of the Security Deposit shall be deposited by Oriental Kopi in a designated bank account identified to YKGI Ventures for a period of 36 months from the date of receipt of the full Security Deposit by Oriental Kopi from YKGI Ventures (“**Security Period**”).

## **5. Salient Terms of the JVA (Cont'd)**

### **5.4 Security Deposit (Cont'd)**

Oriental Kopi shall not withdraw or transfer the cash portion of the Security Deposit from the designated account or otherwise utilise such funds for any purpose other than as security for YKGI Ventures' due performance of its obligations under the JVA, and as security against any claims by Oriental Kopi against YKGI Ventures arising out of any proven breach of terms and conditions by YKGI Ventures under the JVA and/or any proven outstanding sums due to Oriental Kopi by YKGI Ventures in connection with the JVA. Any deductions from the Security Deposit shall be made in accordance with the terms of the JVA and shall be pursuant to a breach of the JVA by YKGI Ventures which has been proven in arbitration, or outstanding sums due to Oriental Kopi. If the additional costs and losses suffered by YKGI Ventures or outstanding sums due to Oriental Kopi exceeds the amount of Security Deposit, Oriental Kopi shall have the right to recover from YKGI Ventures such additional costs, losses or outstanding sums accordingly.

Unless Oriental Kopi provides written notice of a breach of the JVA to YKGI Ventures on or before the expiry of the Security Period, and provided that YKGI Ventures fully abides by the terms and conditions of the JVA, Oriental Kopi shall return the cash portion of the Security Deposit in full, without demand and without interest, to YKGI Ventures within fourteen (14) days following the expiry of the Security Period (after deduction of any outstanding sums due by YKGI Ventures to Oriental Kopi in accordance with the terms the JVA).

### **5.5 Board Composition**

The board of directors of the JV Company shall comprise three (3) Directors: two (2) Directors nominated by YKGI Ventures, and one (1) Director nominated by Oriental Kopi.

### **5.6 Non-Competition**

Each of YKGI Ventures and Oriental Kopi shall not, for the duration of the JVA and/or so long as it retains an interest in the JV Company, carry on, engage or be interested directly or indirectly in a business operating a same or similar food and beverage concept to the JV Business in Singapore and such other countries as determined and agreed upon by YKGI Ventures and Oriental Kopi from time to time, without prior consent in writing of the other party, and shall procure that its employees, immediate family members and agent adhere strictly to such restrictions. The parties shall not be deemed to breach such restrictions by virtue of their shareholdings in, and operating of, the JV Company.

### **5.7 Key Performance Indicators**

In the event that the JV Company fails to meet the key performance indicators listed in schedule 1 of the JVA, Oriental Kopi shall be granted the exclusive right to acquire at fair market value (based on the net asset value of the JV Company) the shares or ownership interest held in the JV Company by YKGI Ventures, subject to the applicable laws and regulations governing such transaction (including but not limited to the Catalist Rules that explicitly govern the sale of subsidiary companies of the Company to any third parties).

## **6. Financial Effects of the Joint Venture**

The Joint Venture 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 has any interest, direct or indirect in the JV Company, other than through their respective shareholdings in the Company, nor are they related to the JV Company and its subsidiaries or any of their respective directors, executive officers and substantial shareholders.

**8. Documents available for inspection**

Copies of the JVA are available for inspection by the 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.

**9. Further announcements**

The Company will keep shareholders informed of any further development on the Joint Venture by way of further announcement(s) as appropriate or when there are material developments in respect of the same.

**BY ORDER OF THE BOARD**

Seah Qin Quan  
Chief Executive Officer and Executive Director  
15 August 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., ("**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 correctness of any of the statements or opinions made or reports contained in this announcement.

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