



Y VENTURES GROUP LTD.
(Company Registration No.: 201300274R)
(Incorporated in the Republic of Singapore)

PROPOSED JOINT VENTURE – VARIATION AGREEMENT

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as defined in the Company's announcements dated 2 March 2018, 5 March 2018 and 31 July 2018 relating to Luminore 8 Pte. Ltd. and the proposed initial coin offering of utility tokens (collectively, the "Announcements")

1. Further to the Announcements, the Board of the Company wishes to announce that the Company has decided to reduce its intended 60.0% shareholding in the JVC to approximately 20.0%. This decision had taken into account the following factors discussed between the Company and Arke Blockchain Engineering Pte. Ltd. ("**Arke**"):
 - (a) The JVC, as a subsidiary of a Singapore listed company, will need to comply with internal control processes and protocols in line with the high standards required of a Singapore listed company. The Company has re-assessed this and views that such compliance will not only involve significantly higher compliance costs but will also requires the management to divert more time and resources than initially considered to attend to compliance matters.
 - (b) The lack of certainty on various issues including the absence of existing accounting standards on the treatment of the AORA Coins, and the financial impact of the Proposed ICO on the Group's financial statements throughout the life of the AORA Coins and AORA Platform, especially given that the Company is the first listed company in Singapore to undertake an initial coin offering.
 - (c) The change in shareholding of the JVC will enable the AORA Platform to pursue growth opportunities in a more nimble and agile manner, and enable its team to expediently develop the AORA Platform for its market launch, while still preserving the Company's partnership with Arke. The JVC will continue to explore potential collaboration with Singapore Post Limited in the development of the AORA Platform and logistics-related technology.
2. Accordingly, the Company has today entered into a variation agreement to the JVA with Arke ("**Variation Agreement**"). Under the Variation Agreement, the parties have agreed to, amongst others, the following key terms:
 - (a) Shareholding in the JVC

The revised shareholding structure of the JVC will be as follows:

Shareholder of the JVC	Shareholding
The Company	39,999 ordinary shares (approximately 20%)
Arke	160,001 ordinary shares (approximately 80%)

In consideration of the reduction of the Company's shareholding in the JVC, the Company will receive cash consideration of S\$400,000 from Arke which shall be paid in the following manner: (i) S\$50,000 on the date of the Variation Agreement; and (ii) S\$350,000 within 14 calendar days from the date of the Variation Agreement. The cash consideration was arrived on a willing buyer and willing seller basis and took into consideration the amount invested by the Company, the short duration of its investment, the current financial position of the JVC and the near-term business prospects of the JVC.

Further, pursuant to the Variation Agreement, for the next 2 years from the date of the Variation Agreement, should the JVC issue any shares, including upon the exercise of any option or conversion of any convertible securities, the Company will be issued such number of shares in the capital of JVC which would result in the total number of shares held by the Company representing 20% of the total issued share capital of the JVC at any particular time, at a nominal consideration, to preserve the value and shareholding interest of the Company in the JVC.

(b) Board of directors of the JVC

Arke will be entitled to appoint all the directors on the board of the JVC. Consequently, moving forward, the Group will not be involved in the management and operations of the JVC, the Proposed ICO and the AORA Platform.

(c) Repayment of shareholder loans

As at the date of the Variation Agreement and pursuant to the JVA, the Company has extended interest-free shareholder loans to the JVC in the aggregate principal amount of approximately S\$406,000 ("**Shareholder Loan**"). Pursuant to the Variation Agreement, the JVC shall repay all loans, debts and other amounts owing or due to the Company and/or its subsidiaries ("**Group**"), including the Shareholder Loan, advances, receivables and any payments made by the Group on behalf of the JVC to the Group ("**Indebtedness**"), in the following manner: (i) S\$50,000 on the date of the Variation Agreement; and (ii) the balance of the Indebtedness within 14 calendar days from the date of the Variation Agreement. The Shareholder Loan has been secured by guarantees from Arke and its shareholder pursuant to the Variation Agreement.

(d) Put Option

The Company shall have the right and option to require Arke to purchase the Company's entire shareholding in the JVC, at any time within 5 years from the earlier of (i) the closing of the Proposed ICO being 30 November 2018; or (ii) 31 March 2019 ("**Put Option**"). The exercise price for the Put Option will be the higher of: (i) an amount calculated based on the latest audited net asset value of the JVC preceding the date of the exercise notice; or (ii) the fair value of the shares which shall be determined by the average fair value as determined by 2 professional independent audit firms that the Company and Arke are each entitled to appoint.

(e) Additional rights of Y Ventures

The Company and Arke will have exclusive rights to use and exploit the data collected on the AORA Platform at no cost, for a period of 2 years from the launch of the AORA Platform. In addition, the Company also has the first right of refusal to provide any data analytics services which the JVC requires, at fees and on terms which are no less favourable than that offered to third parties.

3. Following completion of the subscription of shares in accordance with the Variation Agreement, the Company's investment ("**Investment**") in the JVC, in the form of common ordinary shares, will be treated as a financial asset at fair value through Other Comprehensive Income. This Investment will be carried at fair value and any changes to fair value will be recognised in Other Comprehensive Income. In addition, any cumulative gains or losses recognised in Other Comprehensive Income will not be reclassified to Profit or Loss following the derecognition of the Investment (i.e. in the event of a disposal). Any dividends received from the Investment will be recognised in Profit or Loss. The Company expects to record an accounting gain from the reduction in its intended shareholding in the JVC.
4. None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction, other than through their respective shareholdings (if any) in the Company.

By Order of the Board

Low Yik Sen
Executive Chairman and Managing Director
26 October 2018

*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 (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assume 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.

The contact person for the Sponsor is:

*Name: Mr Leong Weng Tuck, Registered Professional, RHT Capital Pte. Ltd.
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619
Telephone: (65) 6381 6757*