



YKGI Limited

(Incorporated in the Republic of Singapore on 8 August 2022)
(Company Registration Number: 202227645Z)

NEWS RELEASE

MULTI-BRAND F&B AND FOOD COURT OPERATOR YKGI TO RAISE S\$16.55M IN FIRST IPO OF 2023 ON SGX AT S\$0.20 PER SHARE

- Offering 82,750,000 Placement Shares, comprising 53,750,000 New Shares and 29,000,000 Vendor Shares
- Raised S\$3.25 million in proceeds from issuance of 16,250,000 Cornerstone Shares, bringing total amount to be raised from the Placement and cornerstone investors to S\$19.8 million
- Directors intend to recommend dividends of at least 50% of the Group's net profit attributable to shareholders in FY2023 and FY2024

SINGAPORE, 26 JANUARY 2023 – Homegrown food and beverage (“**F&B**”) and food court operator YKGI Limited (友記集團; “**YKGI**” or the “**Group**”) has registered its Offer Document with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), acting as agent on behalf of its Monetary Authority of Singapore, for an initial public offering (“**IPO**”) on the Catalyst board of the SGX-ST today.

Placement Details and Issuance of Cornerstone Shares

YKGI is offering 82,750,000 ordinary shares at S\$0.20 per share (“**Placement Price**”), comprising 53,750,000 new shares (“**New Shares**”) and 29,000,000 shares sold by current shareholder Seah & Family Pte. Ltd. (“**Vendor Shares**”) (collectively, the “**Placement Shares**”), fully by way of placement (the “**Placement**”). The Placement Shares will represent approximately 19.5% of YKGI’s enlarged issued share capital of 425,000,000 shares post-IPO.

At the same time but separate from the Placement, Mr. Teo Kee Bock (张骐牧; “**Mr. Teo**”) and Huan Yong Group Pte. Ltd. (寰融集团; “**Huan Yong Group**”) have each entered into a cornerstone subscription agreement with YKGI to subscribe for such number of new ordinary shares in the Company to be determined by dividing their commitments of S\$2.0 million and S\$1.25 million respectively by the Placement Price (“**Cornerstone Shares**”). Accordingly, Mr. Teo and Huan Yong Group will be issued an aggregate of 16,250,000 Cornerstone Shares. Mr. Teo is the founder of the Super Group Ltd group of companies (超级集团; “**Super Group**”) and Apricot Capital Pte Ltd (金信资本). Huan Yong Group is an investment holding vehicle of the Te family, whose patriarch, Mr. Ronald Te Kok Chiew (戴国进), was a co-founder of Super Group together with Mr. Teo.

Based on the Placement Price of S\$0.20 per share and the Group's share capital immediately post-IPO, the market capitalisation of YKGI is expected to be approximately S\$85.0 million. The Group expects to raise gross proceeds of about S\$16.55 million from the Placement, to be used mainly for business expansion, including opening new outlets in Singapore and overseas, expanding into more market segments, strengthening supply chain capabilities, expanding franchising and sub-franchising operations and undertaking strategic acquisitions and joint venture partnerships.

The Placement will close at 12.00pm on Wednesday, 1 February 2023. Listing and trading of YKGI's shares are expected to commence at 9.00 am on Monday, 6 February 2023. RHT Capital Pte. Ltd. is the Issue Manager and Full Sponsor for the IPO. Evolve Capital Advisory Private Limited and KGI Securities (Singapore) Pte. Ltd. are the Joint Placement Agents.

Investment Highlights

YKGI is an established homegrown brand with a track record of more than 30 years. From its humble beginnings as a duck rice stall in Nee Soon, the Group today owns and/or operates a diverse portfolio of eight non-Halal and Halal brands as part of its mission to serve quality food to different groups of customers. YKGI has, over the years, built a reputation for providing quality F&B offerings that are recognised and well regarded by consumers. Building on its experience in F&B operations, YKGI expanded into food court management in 2017. It is also the exclusive franchisee of the CHICHA San Chen brand of tea shops in Singapore.

The Group owns and/or operates the following brands in its portfolio through 77 retail outlets across Singapore:



YKGI's decades of experience in the F&B industry has enabled it to develop a deep understanding of the tastes and preferences of local consumers. Apart from the CHICHA San Chen franchise, YKGI develops all the brands in its portfolio in-house.

To support its F&B and franchise operations, YKGI has put in place a vertically integrated supply chain consisting of strong procurement capabilities, a central kitchen and self-operated and franchise food

outlets. It has implemented standardised operating procedures and staff training to ensure consistency in taste, quality and service across its food outlets. Key ingredients and products for supply to Yew Kee Duck Rice, XO Minced Meat Noodles and CHICHA San Chen outlets are procured, processed and prepared at the central kitchen to reap economies of scale and cost savings for the Group.

The Group operates a resilient business model with competitively priced staple F&B products that have proved capable of weathering food-related epidemics and can be adapted to changing consumer tastes. The suitability of its F&B offerings for takeaway and delivery enabled YKGI to adapt and remain profitable throughout the Covid-19 pandemic. The strategic location of its food outlets and CHICHA San Chen tea shops in accessible and frequented premises near transport hubs and residential areas across Singapore facilitate easy access by customers and food delivery service providers.

YKGI is backed by an experienced and competent management team that has accumulated extensive experience and business relationships in the F&B industry. Supporting the management team is an experienced and dedicated operating team that is committed to fostering strong relationships with customers and suppliers.

Commenting on the listing, **YKGI's CEO Seah Qin Quan (谢钦全)** said, "We have established ourselves in Singapore with our portfolio of mass-market brands that cater to our customers' everyday F&B needs. As the world gradually returns to normalcy, it is timely for us to enlarge our footprint with existing and new brands in and beyond Singapore. We are excited about taking our company to the next stage of growth beginning with this IPO."

Financial Highlights

The Group has delivered revenue of S\$56.1 million for the financial year ended 31 December 2021 ("FY2021"), a 43.9% improvement from S\$39.0 million in the preceding financial year ("FY2020"). FY2020's revenue was a 23.4% increase from S\$31.6 million in the 2019 financial year ("FY2019"). Revenue for the six months ended 30 June 2022 ("1H2022") amounted to S\$26.8 million.

The Group registered net profit of S\$8.9 million in FY2021, an 81.4% improvement over S\$4.9 million recorded in FY2020, which was, in turn, a 373.1% jump from S\$1.0 million in FY2019. Net profit for 1H2022 was S\$2.4 million.

Prospects and Plans

Moving forward, YKGI expects the continued growth in Singapore's population, household incomes and consumption, as well as the cessation of pandemic restrictions in Singapore and the region, to translate into higher demand for F&B products and services and for its brands. The Group's participation in the mass-market segment - defined as per head spending of S\$20 and below - positions it favourably to tap growth opportunities.

As such, YKGI intends to expand and strengthen its presence in Singapore and overseas. Locally, it plans to establish new food outlets, CHICHA San Chen tea shops and food courts in strategic locations. Beyond Singapore shores, in the next five years, it plans to bring the CHICHA San Chen franchise to Macau and its Yew Kee Duck Rice brand to other Southeast Asian countries. In addition, it intends to expand digital access to YKGI's products by customers through the adoption of a mobile application for reward points and e-commerce.

Having built a diverse brand portfolio of quality product offerings, YKGI intends to expand into more market segments via a multi-brand and multi-concept strategy. It plans to introduce complementary products, while seeking additional franchise opportunities to enhance its current portfolio. To execute this strategy, YKGI intends to equip its workers with relevant skills, and acquire equipment and technology to produce the new food offerings efficiently and cost-effectively.

To support its expansion effort, the Group intends to strengthen its supply chain capabilities. It plans to expand and upgrade its central kitchen and warehouse within the next three to five years to improve operational and cost efficiencies. To do so, it plans to acquire commercial grade equipment to automate certain food production and packaging processes. In addition, it intends to expand supplier sources and deepen its relationships with them to ensure stable supply of high-quality ingredients and reduce procurement costs. With the expanded capacity, the Group will also be looking to offer central kitchen services to third parties as additional revenue source.

Additionally, YKGI plans to expand its franchising and sub-franchising business. It intends to leverage its market presence and brand recognition to franchise its brand portfolio to third parties. In addition to the popular CHICHA San Chen brand, YKGI intends to expand its franchising business by securing new franchise rights from third parties, as well as develop new brands for franchising to third parties.

At the same time, the Group also plans to grow its business footprint through strategic acquisitions and joint-venture opportunities with parties in complementary businesses, as well as through acquisitions of capabilities, skills, technology and operational processes that are synergistic to its existing business.

Said Mr. Seah, "There is a lot for us to look forward to. The F&B space is very exciting, with many opportunities for expansion. Our established brand portfolio, knowledge and experience should be an advantage on this note."

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