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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: YKGI Limited

Stock code: YK9

Meeting details:

Date: 29 May 2023

Time: 1.00 p.m.

Venue: Room Sapphire I&II, Orchid Country Club, 1 Orchid Club Rd, Singapore 769162

Q1. Revenue for the financial year ended 31 December 2022 remained largely stable at \$56.2 million as compared to \$56.1 million in FY2021. This was despite the revenue contribution from the franchise business (CHICHA San Chen brand of tea shops) dipping by \$5.2 million, as a larger proportion of the population returned to work in the central business district. This return to work led to a decrease in online sales and store sales for stores located in the heartlands.



(Adapted from company annual report)

- (i) **Can management provide shareholders with information on the same-store sales performance in FY2022 for both Yew Kee Duck Rice and CHICHA San Chen outlets?**
- (ii) Revenue from the franchise business decreased from \$26.68 million in FY2021 to \$21.52 million in FY2022. **Does management view FY2021 as an atypical year for the CHICHA San Chen business, primarily due to the extended work-from-home arrangements during the pandemic? Furthermore, what progress has the group made in terms of sub-franchising the brand?**
- (iii) The group's Food Court business manages the "My Kampung" brand of food courts in commercial complexes and malls, as well as the "Fine Food" brand of food courts in educational institutions. **Can management clarify the number of food courts managed by the group?** In the diagram on page 3, it states that the group has five food courts, while Note 28 (Segment Information) indicates that the group manages four food courts across Singapore under the My Kampung and Fine Food brands. **For the benefit of shareholders, kindly disclose the locations of all the group's outlets in the annual report. In addition, has the group considered expanding its food court business to include coffeeshops, particularly those in HDB heartlands?**
- (iv) **Would the board/management be able to provide shareholders with more insight into the origins of the company's name, YKGI? Has the company received any feedback on its name since being listed on the SGX in February 2023, and has the board reviewed the liquidity of the shares?**

Q2. On 9 March 2023, the company announced that it had entered into a non-binding memorandum of understanding with Pin Si Kitchen Pte. Ltd. ("Pin Si Kitchen") to explore potential opportunities in (i) the manufacturing of prepared food products (e.g., frozen dinners) business, (ii) the food catering industry, and (iii) any merger or acquisition (M&A) prospects.

Additional information about Pin Si Kitchen can be found at <https://pinsi.com.sg/>.

- (i) **Can the board/management provide more insights to shareholders on the process of identifying strategic acquisitions and the desired/target size for any such M&A transactions?**
- (ii) **How was the group introduced to Pin Si Kitchen?**
- (iii) **What is the board's experience and track record in deal sourcing, deal structuring and valuation?**
- (iv) **Has the board considered incorporating earn-out provisions and issuing consideration shares as components of the deal structure during M&A activities?**

Q3. As noted in the section on “Risk factors” in the offer document dated 26 January 2023, the group is required to hold regulatory licences and/or exemptions (“Licences”) for the operation of its business. Such Licences include (a) licences to operate foodshops; (b) licences to operate foodstalls; and (c) licences to operate a food processing establishment issued by the Singapore Food Agency. In addition, these Licences are generally subject to terms and conditions stipulated therein, and/or applicable laws, rules and regulations.

The group has been issued warnings and sanctions by the National Environment Agency and the Singapore Food Agency for various infringements, including failures to maintain cleanliness standards, instances of pest infestation, serving unclean food, using unsanitary practices, employing unlicensed workers, and violating COVID-19 safe distancing measures. These offenses have resulted in the company receiving demerit points, summons, and compounded fines. The infractions also led to the suspension of operations at certain food outlets and CHICHA San Chen tea shops, as well as the requirement for affected food handlers to retake hygiene courses mandated by the Singapore Food Agency.

Details of infringements can be found on pages 226 to 229 of the offer document. There were 32 incidents from August 2018 to September 2022, with demerit points given and fines paid.

- (i) **How does the board ensure compliance with food handling, preparation, and cooking standards, as well as food safety requirements, by its employees?**
- (ii) **Since the company's listing, what improvements have been made in terms of monitoring and implementing preventive measures? Have there been any instances where the company received warnings or sanctions from the National Environment Agency (NEA) or the Singapore Food Agency in 2023?**
- (iii) **Could the independent directors provide shareholders with insight into their knowledge and experience regarding Environmental Public Health (Food Hygiene) Regulations, the licensing framework for retail and non-retail food establishments, food safety, food handling, and food hygiene? How do the independent directors contribute to the company's success in these areas?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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