



**YKGI LIMITED AND
ITS SUBSIDIARY CORPORATIONS**
(Registration. No. 202227645Z)
(Incorporated in Singapore)

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS**

**For the six months
ended 30 June 2023**

[Table of Content](#)

A. Condensed interim consolidated statement of comprehensive income	1
B. Condensed interim statements of financial position	2
C. Condensed interim statements of changes of equity	3
D. Condensed interim consolidated statement of cash flows	4
E. Notes to the condensed interim consolidated financial statements	6
F. Other Information Required by Appendix 7C of the Catalyst Rules.....	17

A. Condensed interim consolidated statement of comprehensive income

	Note	The Group		Change %
		6 months ended		
		30 Jun 23 (Unaudited) S\$'000	30 Jun 22 (Unaudited) S\$'000	
Revenue	E4	29,636	26,763	10.7
Other Income		888	908	(2.2)
Expenses:				
- Purchases and related costs		(7,582)	(6,646)	14.1
- Change of inventories		(71)	(245)	(71.0)
- Employee benefits		(8,224)	(6,989)	17.7
- Depreciation of property, plant and equipment		(4,592)	(4,299)	6.8
- Other expenses		(9,007)	(6,630)	35.9
- Finance costs		(573)	(264)	117.0
Total expenses		(30,049)	(25,073)	19.8
Profit before income tax	E6	475	2,598	(81.7)
Income tax expense	E7	(50)	(190)	(73.7)
Net profit, representing total comprehensive income for the financial period		425	2,408	(82.3)
Adjusted Net profit, representing total comprehensive income for the financial period¹		1,668	2,408	(30.7)
Net profit attributable to:				
Equity holders of the Company		375	2,357	(84.1)
Non-controlling interests		50	51	(2.0)
		425	2,408	(82.4)
Earnings per share ("EPS") for net profit attributable to equity holders of the Company:				
Basic and diluted (in cents) ²		0.09	0.66	(86.6)

Notes :

- The adjusted net profit for the financial period represented net profit from operations after adjusting one-off expenses incurred for the Company's initial public offering ("IPO") (E6) of S\$1,243,000 which were incurred for the Company's listing on the Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 6 February 2023.
- The earnings per share have been calculated based on the net profit attributable to equity holders of the Company and post-placement share capital of 425,000,000 shares (1HY 2022 pre-placement share capital of 355,000,000). The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		As at		As at	
		30 Jun 23 (Unaudited) S\$'000	31 Dec 22 (Audited) S\$'000	30 Jun 23 (Unaudited) S\$'000	31 Dec 22 (Audited) S\$'000
ASSETS					
Current assets					
Cash and bank balances		15,262	4,659	6,405	318
Trade and other receivables	E10	5,978	6,381	5,525	2,400
Inventories		675	745	-	-
		<u>21,915</u>	<u>11,785</u>	<u>11,930</u>	<u>2,718</u>
Non-current assets					
Investment in subsidiary corporations		-	-	2,451	2,451
Property, plant and equipment	E11	22,169	17,437	-	-
Intangible assets		144	156	-	-
		<u>22,313</u>	<u>17,593</u>	<u>2,451</u>	<u>2,451</u>
Total Assets		<u>44,228</u>	<u>29,378</u>	<u>14,381</u>	<u>5,169</u>
LIABILITIES					
Current liabilities					
Trade and other payables	E12	5,300	5,848	-	623
Borrowings	E13	2,742	3,665	-	-
Lease liabilities	E13	5,847	5,289	-	-
Current income tax liabilities		17	783	-	-
		<u>13,906</u>	<u>15,585</u>	<u>-</u>	<u>623</u>
Non-current liabilities					
Lease liabilities	E13	12,788	7,977	-	-
Provisions		992	877	-	-
		<u>13,780</u>	<u>8,854</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>27,686</u>	<u>24,439</u>	<u>-</u>	<u>623</u>
Net assets		<u>16,542</u>	<u>4,939</u>	<u>14,381</u>	<u>4,546</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	E14	15,505	2,159	15,505	2,159
Retained profits		746	2,539	(1,124)	2,387
		<u>16,251</u>	<u>4,698</u>	<u>14,381</u>	<u>4,546</u>
Non-controlling interest		291	241	-	-
Total equity		<u>16,542</u>	<u>4,939</u>	<u>14,381</u>	<u>4,546</u>

C. Condensed interim statements of changes of equity

	Note	Attributable to equity holders of the Company			Non- controlling Interests S\$'000	Total Equity S\$'000
		Share Capital S\$'000	Retained Profits S\$'000	Total S\$'000		
<u>The Group</u>						
2023 (Unaudited)						
Balance as at 1 January 2023		2,159	2,539	4,698	241	4,939
Issue of new shares		14,000	-	14,000	-	14,000
Share issue expenses		(654)	-	(654)	-	(654)
Total comprehensive income - Net profit for the financial year		-	375	375	50	425
Dividend declared	E8	-	(2,168)	(2,168)	-	(2,168)
Balance as at 30 June 2023		15,505	746	16,251	291	16,542
2022 (Unaudited)						
Balance as at 1 January 2022		1,890	13,963	15,853	537	16,390
Total comprehensive income - Net profit for the financial year		-	2,357	2,357	51	2,408
Issuance of new ordinary shares - Incorporation of subsidiary corporations		1	-	1	-	1
Struck-off a subsidiary corporation		*	-	*	-	*
Dividend declared	E8	-	(1,341)	(1,341)	(140)	(1,481)
Balance as at 30 June 2022		1,891	14,979	16,870	448	17,318
<u>The Company</u>						
2023 (Unaudited)						
Balance as at 1 January 2023				2,159	2,387	4,546
Issue of new shares				14,000	-	14,000
Share issue expenses				(654)	-	(654)
Dividend declared				-	(2,168)	(2,168)
Total comprehensive loss - Net loss of the financial period				-	(1,343)	(1,343)
End of financial period				15,505	(1,124)	14,381

* Less than S\$1,000

D. Condensed interim consolidated statement of cash flows

	Note	The Group	
		6 months ended	
		30 Jun 23 (Unaudited)	30 Jun 22 (Unaudited)
		S\$'000	S\$'000
Cash flows from operating activities			
Net profit		425	2,408
Adjustments for:			
- Amortisation of intangible assets		12	12
- Depreciation of property, plant and equipment	E6	4,592	4,299
- Loss/(Gain) on disposal of property, plant and equipment	E6	9	(202)
- Interest expense		573	264
- Income tax expense		50	190
		<u>5,661</u>	<u>6,971</u>
Change in working capital:			
- Inventories		71	245
- Trade and other receivables		403	(1,332)
- Trade and other payables		(548)	494
		<u>5,587</u>	<u>6,378</u>
Cash generated from operations		5,587	6,378
Income tax paid		(816)	(9)
Net cash provided by operating activities		4,771	6,369
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	E11	-	579
Additions to property, plant and equipment	E11	(515)	(220)
Net cash (used in)/provided by investing activities		(515)	359
Cash flows from financing activities			
Proceeds from issuance of shares, net of issuance costs		13,346	1
Dividends paid to equity holders of the Company	E8	(2,168)	(1,341)
Dividends paid to non-controlling interest		-	(140)
Proceeds from borrowings		388	-
Repayments of borrowings		(1,312)	-
Principal repayment of lease liabilities		(3,334)	(3,748)
Interest paid		(573)	(264)
Net cash provided by/(used in) financing activities		6,347	(5,492)
Net increase in cash and bank balances		10,603	1,236
Cash and bank balances			
Beginning of the financial period		4,659	13,601
End of the financial period		15,262	14,837

* Less than S\$1000

D. Condensed interim consolidated statement of cash flows (Cont'd)

Reconciliation of liabilities arising from financing activities

	1 January 2023	Proceeds from borrowings	Principal and interest payment	Non-cash changes		30 June 2023	
				Interest expense	Additions		Lease termination
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Bank borrowings	3,665	388	(1,408)	96	-	2,741	
Lease liabilities	13,266	-	(3,811)	477	8,715	(12)	18,635

	1 January 2022	Proceeds from borrowings	Principal and interest payment	Non-cash changes		30 June 2022	
				Interest expense	Additions		Lease termination
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Lease liabilities	8,602	-	(4,012)	264	2,101	-	6,955

E. Notes to the condensed interim consolidated financial statements

1. General Information

1.1 The Company

The Company was incorporated in Singapore on 8 August 2022 as an exempt private company limited by shares under the name of “YKGI Pte. Ltd.”. On 23 December 2022, the Company was converted into a public company limited by shares. In connection with such conversion, the Company changed its name to “YKGI Limited”. The address of its registered office is at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

The Company was successfully listed on the Catalist, the sponsor-supervised listing platform of the Singapore Securities Trading Limited (“SGX-ST”) on 6 February 2023.

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiary corporations are those of (i) F&B operations, (ii) food court management and (iii) franchising and sub-franchising.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Committee of Accounting and Corporate Regulatory Authority. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2022

The accounting policies adopted are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December which were prepared in accordance with SFRS(I)s, as the adoption of new and amended standards did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial periods.

The condensed interim financial statements are presented in Singapore Dollar (SGD or S\$) and all values in the tables are rounded to the nearest thousand (“S\$’000) except when otherwise indicated.

The condensed interim consolidated financial statements have been prepared on a going concern basis, since management has verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the financial period.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

2.1 New and amended standards adopted by the Group

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial period. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods.

2.2 Summary of significant accounting policies

The unaudited interim condensed combined financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies in the Group's audited financial statements for the financial year ended 31 December 2022.

The accounting policies applied in these unaudited interim condensed combined financial statements are the same as those applied in the Group's audited financial statements for the latest financial year ended 31 December 2022.

2.3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- Impairment of property, plant and equipment (including right-of-use assets)

The Group reviews its property, plant and equipment (including right-of-use assets) for indications of impairment at each reporting period. In analysing potential impairments identified, the Group uses projections of future cash flows from the assets based on management's assignment of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed that there is no indication that the Group's property, plant and equipment and right-of-use assets may be impaired.

- Determining the lease term of contracts with renewal options – The Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

4. Segment and revenue information

The Board of Directors is the Group's chief operating body for making decisions. Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions, allocate resources and assess performance.

The Board of Directors considers the business from a business segment perspective as the Group operates in Singapore only. For management purposes, the Group is organised into business units based on their products and services and the Group has four reportable segments as follows:

(i) Food Court Business

The Group manages five food courts located across Singapore under the My Kampung and Fine Food brands. Under this business segment, the Group leases the food courts and in turn sub-leases stalls to individual food court tenants ("Food Court Tenants"). The food court management services provided by the Group include the upkeep of vacant stalls and allocation of such stalls to Food Court Tenants, application for and renewal of licences, collection of takings from the daily sales of Food Court Tenants, collection of management and cleaning fees from Food Court Tenants, managing arrears, addressing complaints from Food Court Tenants and customers and the cleaning, maintenance and repair of the food courts.

(ii) F&B Operations Business

The F&B operations is primarily involved in the operations of food outlets and hawker stalls under the flagship brand, Yew Kee Duck Rice and a diverse portfolio of other non-halal and halal brands such as XO Minced Meat Noodles, My Kampung Chicken Rice, PastaGo and Kampung Kopi House. The operations of the Group's food outlets and hawker stalls are supported by the central kitchen which procures, processes and prepares key ingredients and products for supply to the food outlets operating under the Group's brands and certain third-party food outlets.

(iii) Franchising and Sub-franchising (Franchise Business)

The Group's business segment of franchising and sub-franchising is in relation to operations of outlets under the "CHICHA 3000" brand in Singapore for a term of ten years from 14 January 2019 pursuant to a master franchise agreement entered into between the Company's subsidiary corporation, Yew Kee Two Pte. Ltd. (formerly known as Yu Kee Two Pte. Ltd.) and Fang Yuan F&B International Co., Ltd on 14 January 2019 ("Master Franchise Agreement").

The Master Franchise Agreement is renewable by negotiation between the parties thereto based on criteria prescribed therein. In consideration of the franchise and licence granted by the franchisor, the Group had paid a one-off initial franchise fee in full which was capitalised as an intangible asset, and the Group is required to pay a monthly royalty fee based on a percentage of our actual net sales before tax of the stores operated under such franchise and licence in a given month. In accordance with the terms of the Master Franchise Agreement, the Group may enter into sub-franchise agreements with third parties pursuant to which such parties will pay the Group a sub-franchise fee in consideration for the right to operate a CHICHA San Chen tea shop in Singapore. The Group has not entered into any sub-franchise agreements with third parties for the current and prior financial periods.

(iv) Other segment

Other segment includes investment holding and the Group level corporate service and treasury functions. These are not included within the reportable operating segment. The results of these operations are included in the "other segment" column.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

4. Segment and revenue information (Cont'd)

4.1 Reportable segments

The following table below presents the revenue and profit information for the Group's operating segments for the six months ended 30 June 2023 ("1HY2023") and 30 June 2022 ("1HY2022") respectively:

	Food Court Business	F&B Operations Business	Franchise Business	Other segment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
6 months ended 30 June 2023					
Revenue	3,899	15,333	10,404	-	29,636
Other Income	61	767	60	-	888
Segment profit	297	2,369	946	(2,564)	1,048
Finance costs	(127)	(174)	(176)	(96)	(573)
Profit/(loss) before income tax	170	2,195	770	(2,660)	475
Income tax expense					(50)
Net profit					425
Segment assets	2,547	17,242	12,644	11,795	44,228
Addition to:					
- Property, plant and equipment	-	404	112	-	516
Segment liabilities	1,750	12,013	10,702	3,221	27,686
6 months ended 30 June 2022					
Revenue	3,088	13,019	10,656	-	26,763
Other Income	191	566	151	-	908
Segment profit/(loss)	319	2,365	731	(553)	2,862
Finance costs	(21)	(109)	(134)	-	(264)
Profit before income tax	298	2,256	597	(553)	2,598
Income tax expense					(190)
Net profit					2,408
Segment assets	2,806	5,355	23,163	455	31,779
Addition to:					
- Property, plant and equipment	-	210	10	-	220
Segment liabilities	735	1,090	11,857	780	14,462

E. Notes to the condensed interim consolidated financial statements (Cont'd)

4. Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue

	The Group	
	1HY2023	1HY2022
	S\$'000	S\$'000
Revenue from contracts with customers		
(i) Sales of food and beverage - point in time		
- F&B operations business	15,471	13,019
- Franchise business	10,405	10,656
- Food court business	1,580	1,185
	27,456	24,860
(ii) Management service - over time		
- Food court business	878	878
	28,334	25,738
Rental income	1,302	1,025
	29,636	26,763

5. Financial assets and financial liabilities

The following information set out below is an overview of the financial assets and financial liabilities as at 30 June 2023 and 31 December 2022 respectively.

	The Group		The Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets at amortised cost</u>				
- Cash and bank balances	15,262	4,659	6,405	318
- Trade and other receivables	4,486	4,250	5,525	2,400
	19,748	8,909	11,930	2,718
<u>Financial liabilities at amortised cost</u>				
- Trade and other payables	4,927	5,290	-	623
- Borrowings	2,742	3,665	-	-
- Lease liabilities	18,635	13,266	-	-
	26,304	22,221	-	623

E. Notes to the condensed interim consolidated financial statements (Cont'd)

6. Profit before income tax

6.1 Significant items

	The Group	
	6 months ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
<u>Income</u>		
Government Grant	302	458
Rental concession income	14	172
Gain on disposal of property, plant and equipment	-	202
<u>Expenses</u>		
Purchase and related costs	7,582	6,646
Employee benefits	8,224	6,989
Depreciation of property, plant and equipment	4,592	4,299
Cleaning fees	723	605
Franchise and royalty fees	231	218
Foreign worker levies	406	450
IPO and related expenses	1,243	-
License fees	818	602
Rental expenses - short-term leases and variable rental	1,120	1,158
Repair and maintenance	729	219
Transaction and service charges	1,633	1,797
Utilities	1,045	917

E. Notes to the condensed interim consolidated financial statements (Cont'd)

6. Profit before income tax (Cont'd)

6.2 Related party transactions

- (a) Miscellaneous fees payable/paid to directors and related parties in consideration for their efforts in running the food outlets.

	The Group	
	6 months ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
- Directors	-	25
- Related parties	-	41
	-	66

- (b) Key management personal compensation, representing remuneration of the directors and key management of the Company.

	The Group	
	6 months ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
Salaries and wages	935	381
Employer's contribution to defined contribution plan	66	47
	1,001	428
Comprised of amounts paid to:		
- Executive directors	514	188
- Other key management personnel	487	240
	1,001	428

7. Income tax

The Group calculates the income tax expense for the financial period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	The Group	
	6 months ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
<u>Tax expenses attributable to profit is made up of:</u>		
Current income tax – profit for the financial period	50	190

E. Notes to the condensed interim consolidated financial statements (Cont'd)

8. Dividends

	The Group	
	6 months ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
Final one tier exempt dividends declared in respect of the previous financial year	2,168	-
Final one tier exempt dividends declared by the subsidiaries to the shareholders prior to the completion of the restructuring exercise	-	1,341

9. Net asset value

	The Group		The Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	S\$	S\$	S\$	S\$
Net assets per ordinary share (cents)	3.82	1.32	3.38	1.28

Net assets per ordinary share is calculated based on the number of issued 425,000,000 shares (excluding treasury shares) as at 30 June 2023 (31 December 2022: pre-placement number of ordinary of ordinary shares of 355,000,000 (excluding treasury shares)).

10. Trade and other receivables

	The Group		The Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	S\$'000	S\$'000	S\$	S\$
Trade receivables - Non-related parties	454	444	-	-
Refundable security deposits	3,732	3,806	-	-
Prepayments	1,492	1,027	-	-
Deferred IPO expenses	-	1,104	-	-
Dividend receivables from subsidiaries	-	-	-	2,400
Amount due from subsidiaries	-	-	5,225	-
Government grant receivables	300	-	300	-
	5,978	6,381	5,525	2,400

Included in the prepayments as at 30 June 2023 were advance payment to a supplier for the purchase raw materials of S\$387,000 (31 December 2022: S\$672,000) and advance payment for renovation work of Changi City Point Food Court of S\$792,000 (31 December 2022: Nil) respectively.

Amount due from subsidiaries are unsecured, interest free and repayable on demand.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

11. Property, plant and equipment ("PPE")

During the financial period ended 30 June 2023, the Group acquired PPE and capitalised outlet leases as ROU assets under PPE amounted to S\$9,345,000 (30 June 2022: S\$2,321,000) and disposed of assets amounted to S\$9,000 (30 June 2022: S\$377,000).

The reconciliation of purchase of PPE and proceeds from disposal of PPE are presented below:

	The Group	
	6 months ended	
	30-Jun-23	30-Jun-22
	S\$'000	S\$'000
<u>Purchase of PPE</u>		
Total additions in the financial period	9,345	2,321
Less: Acquired under lease liabilities	(8,715)	(2,101)
Add: Movement in re-instatement cost	(115)	-
Net cash outflows	<u>515</u>	<u>220</u>
<u>Proceed from disposal of PPE</u>		
Total net book value of disposal in the financial period	9	377
Add: Gain on disposal of PPE	-	202
Less: Loss on disposal of PPE	(9)	-
Net cash inflows	<u>-</u>	<u>579</u>

12. Trade and other payables

	The Group		The Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
	S\$	S\$	S\$	S\$
Trade payables - Non-related parties	1,689	1,484	-	-
Non-trade payables				
- Directors	-	320	-	-
- Subsidiaries	-	-	-	623
- Non-related parties	560	718	-	-
	<u>560</u>	<u>1,038</u>	<u>-</u>	<u>623</u>
Goods and services tax payable	373	557	-	-
Accrued expenses	2,372	2,480	-	-
Deposits from tenants	306	289	-	-
	<u>5,300</u>	<u>5,848</u>	<u>-</u>	<u>623</u>

The non-trade payables due to directors and subsidiaries are unsecured, interest-free and payable on demand.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

13. Loans and borrowings consist of bank loans and lease liabilities

	The Group	
	30-Jun-23	31-Dec-22
	S\$'000	S\$'000
<u>Secured bank loan</u>		
Amount repayable in one year or less, or on demand	2,742	3,665
Amount repayable after one year	-	-
	<u>2,742</u>	<u>3,665</u>

Details of any collaterals.

As at the end of the financial period/year, the Group's secured bank term loans of S\$2,742,000 (31 December 2022: S\$3,665,000) are secured by the mortgage over a leasehold property of the Group and joint and several guarantee by a director and a key management of the Group.

Lease liabilities

	The Group	
	30-Jun-23	31-Dec-22
	S\$'000	S\$'000
<u>Secured lease liabilities</u>		
Amount repayable in one year or less, or on demand	48	47
Amount repayable after one year	134	160
	<u>182</u>	<u>207</u>

Unsecured lease liabilities

Amount repayable in one year or less, or on demand	4,255	5,242
Amount repayable after one year	14,198	7,817
	<u>18,453</u>	<u>13,059</u>

Details of any collaterals

As at the end of the financial period/year, the Group's secured lease liabilities of S\$207,000 (31 December 2022: S\$183,000) are secured by the office equipment and motor vehicles of certain subsidiaries.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

14. Share Capital

	The Group and The Company			
	30-Jun-23		31-Dec-22	
Issued and fully paid	No. of shares	S\$'000	No. of shares	S\$'000
Beginning of financial period/year	355,000,000	2,159	-	-
On date of incorporation	-	-	100	*
Issue of shares pursuant to the Restructuring Exercise and the Share Swap	-	-	2,151,116	2,151
Issue of new shares	70,000,000	14,000	67,534	8
Shares issuance expenses	-	(654)	-	-
Share split	-	-	352,781,250	-
End of financial period/year	425,000,000	15,505	355,000,000	2,159

* Less than S\$1,000

The Company was incorporated on 8 August 2022 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$100 comprising 100 Shares held by Seah & Family.

Pursuant to the share swap agreements dated 21 December 2022, the Company has acquired all subsidiaries for an aggregate purchase consideration of S\$2,151,116, based on a willing-buyer willing-seller basis based on the share capital of each relevant subsidiary. The consideration for the acquisition of these subsidiaries was satisfied by the issue and allotment of an aggregate of 2,151,116 new shares to each of the sellers, who all nominated Seah & Family to hold such new shares. Arising from the share swap, the issued and paid-up share capital of the Company increased to 2,151,216 comprising 2,151,216 shares, all of which are held by Seah & Family, with the consideration satisfied by the allotment and issue by the Company of an aggregate of 2,151,116 new shares to Seah & Family.

On 23 December 2022, the Company issued 67,534 shares to Seah & Family, for a consideration of S\$7,534. Following such issuance of shares, the issued and paid-up share capital of the Company became S\$2,158,750, comprising 2,218,750 Shares.

On 23 December 2022, the Share Split was effected and each of the Company's shares were sub-divided into 160 shares. Pursuant to the Share Split, the issued and paid-up share capital of our Company became S\$2,158,750, comprising 355,000,000 shares.

On 26 January 2023, the Company issued and allotted 53,750,000 new shares S\$0.20 for each (the "Placement Shares") by way of placement (the "Placement"), payable in full on application and application monies received for these Placement Shares amounted to S\$10,750,000.

At the same time but separate from the Placement, the Cornerstone Investors entered into the Cornerstone Subscription Agreement and subscribed for 16,250,000 new shares at \$0.20 each at a total consideration of S\$3,250,000.

Pursuant to the IPO of the Company on 6 February 2023, IPO and related expenses after Grant for Equity market Singapore (GEMS) incurred amount to S\$1,897,000 of which S\$654,000 has been capitalised against share capital while the remaining amounts to S\$1,243,000 has been included in other expenses in the consolidated statement of other comprehensive income.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statement as of the reported date.

F. Other Information Required by Appendix 7C of the Catalist Rules

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed interim statements of financial position of YKGI Limited and its subsidiaries as at 30 June 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- a) Updates on the efforts taken to resolve each outstanding audit issue.**
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Revenue

The Group's revenue increased by approximately S\$2.9 million or 10.7% from S\$26.8 million in 1HY2022 to S\$29.6 million in 1HY2023. This increase was mainly attributed to:

- (i) an increase of S\$2.3 million contribution from our F&B Operations due to more stores being in operation in 1HYFY2023 and the Group started charging for takeaway packaging from end of FY2022; and an increase of S\$0.8 million from our Food Court Business due to the lifting of the Covid-19 epidemic safe distance measures in Singapore universities and in the community and the gradual resumption of activities in the community which lead to higher demand.
- (ii) offset by a decrease of S\$0.2 million contribution from our Franchise Business due to decrease in the online sales with the lift of Community Safe Management Measures in October 2022.

Other income

Other income remained relatively constant from 1HY2022 to 1HY2023.

Purchases and related costs

Purchases and related costs increased by S\$0.9 million or 14.1% from S\$6.6 million in 1HY2022 to S\$7.6 million in 1HY2023 mainly due to sales growth and the impact of inflation.

Changes in inventories

Changes in inventories of S\$0.07 million in 1HY2023 was due to lower inventories as at 30 June 2023 compared to 31 December 2022, The minor fluctuation in the balance of our inventories was due to timing of purchases and consumption of inventories.

F. Other Information Required by Appendix 7C of the Catalyst Rules (Cont'd)

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (Cont'd)

Employee benefits

Employee benefits increased by S\$1.2 million or 17.7% from S\$7.0 million in 1HY2022 to S\$8.2 million in 1HY2023 mainly because of the higher compensation package in 1HY2023 in order to retain and attract workers in a tight labour market as well as the new service agreement and employment contract of the directors and key management effective from 1 November 2022.

Depreciation of property, plant and equipment

Depreciation expenses increased by S\$0.3million or 6.8% from S\$4.3million in 1HY2022 to S\$4.6 million in 1HY2023 mainly due to leasing of few new outlets capitalised as right-of-use assets during 1HY2023.

Other expenses

Other expenses increased by S\$2.4 million or 33.9% from S\$6.6 million 1HY2022 to S\$9.0 million in 1HY2023 mainly due to: (i) one-time IPO expenses of S\$1.2 million; and (ii) increase in Cleaning fees of S\$0.1 million; License fees of S\$0.2 million; Repair and maintenance expenses of S\$0.5 million and utilities of S\$0.1 million, others of S\$0.5 million. These increases were offset by decrease of S\$0.2 million in transaction and service charges in 1HY2023 compared to 1HY2022 as a result of the drop in online sales with the further easing of Community Safe Management Measures.

Finance costs

Finance costs increased by S\$0.3 million from S\$0.3 million in 1HY2022 to S\$0.6 million in 1HY2023 due to the higher lease liabilities interest expenses of new outlets and the utilization of the bank facility during 1HY2023.

Profit before income tax

Profit before income tax decreased by approximately S\$2.1 million or 81.7% from S\$2.6 million in 1HY2022 to S\$0.5 million in 1HY2023 as a result of the increase in costs and expenses explained as above.

The increase in profit before income tax of our Franchise Business from S\$0.6 million in 1HY2022 to S\$0.8 million in 1HY2023 is due to upward adjustment in the selling prices of our beverages in September 2022 although there is a decrease in sales of Franchise Business in 1HY2023. The decrease in profit before income tax of our F&B Operations Business from S\$2.3 million in 1HY2022 to S\$2.2 million in 1HY2023 is due to changes in cost and expenses with the rising inflation during the period although the sales of our F&B Operation Business segment increased by S\$2.3 million. The decrease in profit before income tax of Food Court Business from S\$0.3 million in 1HY2022 to S\$0.2 million in 1HY2023 is mainly due to the loss from the newly opened food court at Changi City Point which has not operated in its full capacity in 1HY2023.

The expenses from Other segment increased by S\$2.1 million was mainly due to the one-off IPO and related expenses of S\$1.2 million; increase in remuneration of Directors and Key management of S\$0.6 million; listing related expenses of S\$0.1 million and unallocated finance cost of S\$ 0.1 million.

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Non-current assets

As at 30 June 2023, the Group's non-current assets of approximately S\$22.3 million accounted for approximately 50.4% of the Group's total assets. The Group's non-current assets comprise property, plant and equipment and intangible assets.

Property, plant and equipment as at 30 June 2023 amounted to approximately S\$22.2 million or 99.4% of total non-current assets. It comprises mainly cold room and equipment, computers, furniture and fittings, leasehold property, motor vehicles, office equipment, renovation and drinks and food stalls. Property, plant and equipment increased by about S\$4.7 million compared to FY2022, mainly because the Group recognised additional right-of-use assets for renewal of leases in 1HY2023, amounted to approximately S\$8.7 million, partially off-set by the depreciation expenses of S\$4.6 million.

Current assets

As at 30 June 2023, the Group's current assets of S\$21.9 million accounted for approximately 49.6% of the Group's total assets. The Group's current assets consisted of cash and bank balances, trade and other receivables and inventories.

As at 30 June 2023, cash and bank balances amounted to approximately S\$15.3 million or 69.6% of total current assets, increased by approximately S\$10.6 million compared to FY2022 which was mainly attributable to proceed from issue of new shares of S\$13.3 million, offset by payment of dividends of S\$2.2 million to the equity holders of the Company and repayment of bank borrowings of S\$1.3 million.

Trade and other receivables amounted to approximately S\$6.7 million or 29.6% of total current assets, which is mainly made up of refundable deposits related to the deposits placed with landlords for the rental of outlets by our Group. The decrease in trade and other receivables is due to the recognition of deferred IPO expenses of S\$1.1 million into profit and loss and share capital during 1HY2023, offset by the increase in prepayments for purchases of raw materials and renovation work and increase in government grant receivable of S\$0.3 million.

Non-current liabilities

As at 30 June 2023, the Group's non-current liabilities of S\$13.8 million accounted for approximately 49.8% of the Group's total liabilities. The Group's non-current liabilities consist of lease liabilities and provisions.

As at 30 June 2023, the Group's non-current lease liabilities amounted to approximately S\$12.8 million, or 92.8% of total non-current liabilities.

Total non-current and current portion of lease liabilities increased approximately S\$5.4 million, mainly due to recognition of additional lease liabilities from renewal of more leases in 1HY2023 of S\$8.7 million, partially off-set by the principal repayment of lease liabilities of S\$3.8 million.

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

2. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Current liabilities

As at 30 June 2023, the Group's current liabilities of S\$13.9 million accounted for 50.2% of the Group's total liabilities. The Group's current liabilities consisted of trade and other payables, bank borrowings, lease liabilities and current income tax liabilities.

Trade and other payables amounted to S\$5.3 million or approximately 38.1% of the Group's total current liabilities as at 30 June 2023, comprised: trade payables; non-trade payables to non-related parties; accrued expenses and deposits from tenants.

As at 30 June 2023, the Group's current lease liabilities amounted to approximately S\$5.8 million, or 42.0% of total current liabilities.

Statement of cash flows of the Group

In 1HY2023, the Group recorded net cash provided by operating activities of S\$4.8 million, which was a result of operating profit before reinvestment in working capital of S\$5.7 million, adjusted for working capital outflows of S\$0.1 million and income tax paid of S\$0.8 million.

Net cash used in investing activities amounted to S\$0.5 million was attributable to additions of property, plant and equipment.

Net cash flow provided by financing activities amounted to S\$6.3 million, which was mainly attributable to net proceeds from issuance of shares of S\$13.3 million, offset by repayment of lease liabilities of S\$3.3 million; repayment of bank borrowings of S\$1.3 million and payment of dividends and interest expenses of S\$2.2 million and S\$0.6 million respectively.

As at 30 June 2023, the Group's cash and bank balances were S\$15.3 million.

3. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable

F. Other Information Required by Appendix 7C of the Catalyst Rules (Cont'd)

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The food and beverage (F&B) industry in Singapore is still grappling with persistent challenges in the operating environment, and these challenges continue to impact businesses. The escalation of costs, including food ingredients and labor, remains a major concern for F&B companies, putting significant pressure on their profitability. The shortage of manpower further compounds these difficulties, making it harder for businesses to cope with the increasing demands from consumers.

Moreover, the recent surge in inflation has exacerbated input costs, leading to lower profit margins for F&B players. The introduction of a progressive wage model for workers in the food service industry has also added to the pressure, as employees' minimum wages have been raised, and they are set to receive annual pay increases over the next three years. This regulatory change will undoubtedly impact the overall cost structure for F&B businesses.

Despite these challenges, the Group has been actively navigating through the market dynamics and has shown resilience in its operations. The easing of COVID-19 related community measures and the lifting of vaccination differentiated safe management measures in Singapore from October 2022 have allowed revenue to stabilize at a new norm. While the pandemic's impact has lessened, the F&B industry remains cautious as uncertainties persist.

During 1HY2023, the Group opened its fifth food court at Changi City Point, demonstrating its commitment to expanding its operations strategically. In line with its growth plans, the Group will proactively seek out opportunities to enhance its market presence and capitalize on potential areas of growth. This may include exploring new locations for outlets, expanding its product offerings, or expanding its brand portfolio through strategic partnerships and new brand development initiatives.

Looking ahead, the Group expects to face headwinds in 2HY2023 due to the ongoing challenges in the F&B industry. However, it is cautiously optimistic about continuing to grow its revenue base and maintaining profitability. The management team remains committed to delivering quality products and services while navigating the complexities of the market. Barring unforeseen circumstances, the Group remains focused on its expansion plans and is determined to sustain its growth trajectory amidst the prevailing economic conditions.

5. If a decision regarding dividend has been made:

- a) Whether an interim (final) ordinary dividend has been declared (recommended): and
None
- b) (i) Amount per share: Not applicable
(ii) Previously corresponding period: Not applicable
- c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).
Not applicable

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

5. If a decision regarding dividend has been made: (Cont'd)

d) The date the dividend is payable

Not applicable.

e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable

6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial year period ended 30 June 2023. The available fund will be retained for working capital use.

7. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Not applicable. The Company has not obtained a general mandate from shareholders for Interested Person Transaction ("IPT"). There is no IPTs of S\$100,000 and above during 1HY2023.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirmed that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

9. Status of the use of IPO funds raised

The Group raised net proceeds of S\$12.0 million. As of the date of announcement, the net proceeds have not been utilised as follows and the balance as follows:

	Allocation of net proceeds	Amount utilised as the date of this announcement	Balance as at the date of this announcement
	S\$'000	S\$'000	S\$'000
Expansion of our business (including opening new outlets in Singapore and overseas, expanding into more market segments, strengthening our supply chain capabilities, expanding our franchising and sub-franchising operations and undertaking strategic acquisitions and joint venture partnerships)	10,000	-	10,000
Working capital	2,035	2,035 ⁽¹⁾	-
Total	12,035	2,035	10,000

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

9. Status of the use of IPO funds raised (Cont'd)

(1) The breakdown of the utilisation of net proceeds to be used for general working capital purposes are as follows:

Summary of Expenses	S\$'000
Purchases from suppliers	942
Staff Cost	1,093
Total	2,035

10. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

During 1HY2023, the Company established a 100% owned subsidiary (the "New Subsidiary") on 20 June 2023 as part of its business growth. Details of the new Subsidiary are as follows:-

Name	: YKGI Ventures Pte. Ltd.
Country of incorporation	: Singapore
Principal activity	: Other holding companies
Issued and paid-up capital	: S\$300,000

The incorporation of the New Subsidiary is funded through internal resources and is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the current financial period 31 December 2023.

None of the directors, controlling shareholders of the Company, has any interest, whether directly or indirectly, in the transaction, save in respect of their respective shareholdings (if any) in the Company.

11. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six months period ended 30 June 2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

On Behalf of YKGI Limited

Seah Boon Lock
Executive Chairman and Executive Director
11 August 2023

Wong Fook Sung
Lead Independent Director

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.

The contact person for the Sponsor is Mr Lay Shi Wei - Registered Professional, 36 Robinson Road, #10-06, City House, Singapore 068877, sponsor@rhtgoc.com.