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Apex-Pal Unveils Growth Strategies for 2008 and Beyond

- **New brands, new markets for Sakae Sushi to fuel topline and bottomline over next five years**

2 April 2008, Singapore – Apex-Pal International Ltd (“Apex-Pal” or “The Group”), The Innovative Food People, announced five new business strategies to tackle key challenges and grow the Group’s topline and bottomline over the next five years. Besides new markets and new brands, it is also looking into ways to cut rising costs and increase same store sales growth.

2. To sustain growth and the success that The Group has enjoyed in the past decade, it will first have to address a number of challenges:

- Global economic slowdown linked to the sub-prime issue and rising oil prices
- Rising operating costs and expenses including with food, rental, material and labour costs
- Manpower crunch as the F&B sector continues to face difficulties in recruiting and retaining talent
- Demands for better service and food quality as customers become more well travelled and affluent

3. Despite these challenges, the Group is confident it will continue to do well in the coming years. “While there may be many challenges, we are still bullish about the market and business. With Singapore hosting a number of world-class events such as the F1 Grand Prix and an increasingly health conscious population in the world, the demand will be there,” said Mr Douglas Foo, Chairman and CEO of Apex-Pal. “Besides, Sakae Sushi has been resilient and weathered many crises over the past 10 years. Moving forward, we will take a leaf from the lessons we have learnt and gear ourselves up, address the issues at hand and strategise for even better growth over the next five years.”

4. On the corporate front, three strategies will be implemented to contain costs and fuel further growth:

- **Strategy A: Address challenges and threats** – While the Group is operating in a relatively stable and growing market segment, the rise in food costs is a key concern for the food and beverage sector. Besides working closely with suppliers to source for alternative ingredients which can maintain, if not improve the quality of its offerings, it is also exploring buying in bulk directly from farms and breaking the bulk in Singapore and distributing it to other F&B companies. In the meanwhile, it will continue to inculcate company-wide cost control mindset and utilize pockets of niche manpower supply such as matured workers to solve labour shortage problem. Last but not least, it is also critical to strengthen its operational systems further as it opens more outlets and new markets. In particular, service levels and food quality will be priority areas. All these will help the Group to be more efficient, allowing us to trim cost and improve bottomline.
- **Strategy B: Build profitable outlets** – Even though Sakae Sushi has been a household brand name after more than 10 years, we will not rest on our laurels. With increasing competition locally, there is an even more urgent need to innovate and stay ahead in the race for customer loyalty and new customers. The Group will enhance brand loyalty with more products and cross-promotion among the different brands. Effort will also be put into educating and promoting ‘Healthy Eating, Healthy Living’ to the young through Sakae@Campus and Sakae Junior Club. In addition, with increasing popularity of Sakae Delivery one year after the full fledged call centre was launched, we plan to increase sales through the call centre by beefing up our delivery system.

Where overseas outlets are concerned, the Group recognises that rapid expansion can be a double edged sword as capital expenditure and costs will affect its bottomline while having more outlets means operations in that territory will enjoy higher economies of scale. It is thus, crucial to scale up quickly but wisely so as to achieve a balance. To improve sales, overseas operations will review and expand their menu more regularly besides customizing the menu to local taste buds. In countries like Malaysia which are operationally stable and doing well, they will be exploring offering new brands which are already established in Singapore.

- **Strategy C: Create new winning brands and markets** – Taking pride in being the Innovative Food People, Apex-Pal will continue with our innovative leadership position offering exciting and healthy cuisine that will delight our increasingly sophisticated customers as well as visitors and overseas businessmen. Two up and coming brands with the potential to become global brands are Sakae Teppanyaki and Hei Sushi. Even while growing these newer brands, the Group will explore tie-ups both locally and abroad, with an aim to creating food brands for food-loving Singaporeans. One example is the izakaya concept which was pilot tested at Terminal 3 at the new Changi Airport Terminal. Given the excellent feedback and response, the first Sakae Izakaya outlet opened its doors at Sentosa on 31 March 2008. The Group plans to launch at least three new brands in 2008.

Riding on the growing global demand for healthy Japanese food and a solid brand equity for Sakae Sushi, Apex-Pal is well poised to expand into new markets. Top of the list markets currently being considered include the Middle East, Mongolia, Central Europe and Vietnam. Further details and announcements will be made when plans for these markets are more concrete and there are like-minded partners who share The Group's dream of making Sakae Sushi into a global brand.

Think Sushi Think Sakae

5. “2008 will be a corporate milestone year for Apex-Pal in many ways. Our flagship brand, Sakae Sushi has entered its second decade of growth. This is also the 5th year that we are listed on the SGX. With more than 80 restaurants in seven countries and 12 cities, this is just the start of the long marathon as we plant our web in more countries and many more cities. Ultimately, we want everyone to “Think Sushi. Think Sakae”, anytime, anywhere,” concluded Mr Foo.

About Apex-Pal International Ltd

Apex-Pal is a homegrown leader in providing innovative food and beverage solutions. With more than a decade of experience under its belt, the Group constantly breaks new grounds offering Singapore a taste of international dining through brands including Sakae Sushi, Sakae@Campus, Sakae Teppanyaki, Sakae Pizza, Hei Sushi, Sho-U, Crepes & Cream and Uma Uma Men. It is supported by Nouvelle Events, the only specialist caterer in Singapore that offers an award winning and unique patented portable *kaiten* (conveyor belt) *sushi* experience. In addition, the Group is involved in franchising its brands, food import and distribution as well as business-to-business supplies.

Listed on the Singapore Exchange since 2003, Apex-Pal manages more than 80 outlets in seven countries cover 12 cities -- Singapore, Jakarta, Chiangmai, Beijing, Chengdu, Hong Kong Shanghai, Manila, Kuala Lumpur, Penang, Selangor, and New York City. The Group remains committed to global growth by exploring new emerging markets such as the Middle East, Hungary, Mongolia and Vietnam. In FY 2007, Apex-Pal achieved a record profit before tax of S\$3.5million on the back of a strong turnover of S\$83.8million.

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