KGroup Holdings Limited
千盛集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8475

- 2018 Annual Report -

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*This report, for which the directors (the "**Directors**" and each a "**Director**") of K Group Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and (ii) there are no other matters the omission of which would make any statement herein or this report misleading.*

Contents

Board of Directors

Executive Directors

Mr. Lai Weijie, Terence *(Chairman)*
Mr. Ho Zhi Yi, Levi *(Chief Executive Officer)*
Mr. Yeap Wei Han, Melvyn *(Chief Financial Officer)*
Mr. Tan Chien Fong

Non-Executive Director

Mr. Ng Yook Tim

Independent Non-Executive Directors

Mr. Chow Wai San
Mr. Law Chung Lam, Nelson
Mr. Choo Zheng Xi

Compliance Officer

Mr. Yeap Wei Han, Melvyn

Authorised Representatives

Mr. Ho Zhi Yi, Levi
Mr. Kwok Siu Man *FCS, FCIS*

Company Secretary

Mr. Kwok Siu Man *FCS, FCIS*

Board Committees

Audit Committee

Mr. Chow Wai San *(Chairman)*
Mr. Law Chung Lam, Nelson
Mr. Choo Zheng Xi
Mr. Ng Yook Tim

Remuneration Committee

Mr. Choo Zheng Xi *(Chairman)*
Mr. Chow Wai San
Mr. Law Chung Lam, Nelson
Mr. Ng Yook Tim

Nomination Committee

Mr. Law Chung Lam, Nelson *(Chairman)*
Mr. Chow Wai San
Mr. Choo Zheng Xi
Mr. Ng Yook Tim

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

Compliance Adviser

Lego Corporate Finance Limited
a corporation licenced to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance of Hong Kong
Room 1601, 16/F
China Building
29 Queen's Road Central
Hong Kong

Principal Banker

United Overseas Bank
80 Raffles Place
UOB Plaza
Republic of Singapore 048624

Registered Office in the Cayman Islands

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Headquarters and Principal Place of Business in Republic of Singapore

1 Grange Road
Orchard Building
#12-01
Republic of Singapore 239693

Principal Place of Business in Hong Kong

Units 4101–4104
41/F., Sun Hung Kai Centre
30 Harbour Road
Wan Chai
Hong Kong

Principal Share Registrar and Transfer Office

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

Stock Code

8475

Board Lot

5,000 Shares

Company's Website

www.kgroup.com.hk

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I present the first annual report of the Company for the year ended 30 September 2018 (the "**Year**").

Overview

For the Year, the Group's revenue was approximately SGD15.4 million, representing an increase of approximately 10.8% compared to approximately SGD13.9 million for the year ended 30 September 2017 ("**Year 2017**"). The Group recorded a loss of approximately SGD4.0 million for the Year (2017: profit of SGD1.6 million), which was mainly attributable to the non-recurring listing expenses of approximately SGD3.3 million charged during the Year (2017: Nil). Excluding the one-off listing expenses, the Group's adjusted loss for the Year would have been approximately SGD0.7 million (2017: adjusted profit of SGD1.6 million). This is mainly due to higher expenses due to the opening of the new restaurants as well as compliance costs.

Business Review and Prospect

The Group is headquartered in the Republic of Singapore ("**Singapore**") and has multi-branded restaurants that are mainly operated under a franchise model. The Group offers Korean and Japanese cuisines with casual dining concepts that target the middle-income mass market in Singapore, The Federation of Malaysia ("**Malaysia**") and the Republic of Indonesia ("**Indonesia**").

As at the date of this report, the Group had one central kitchen under the self-developed brand "Gangnam Kitchen" and 12 self-operated restaurants under different brands, comprising (i) three self-operated restaurants in Singapore and one self-operated restaurant in Malaysia under the brand "Chir Chir" which are specialised in offering Korean fried chicken dishes; (ii) two self-operated restaurants in Singapore under the brand "Masizzim" which are specialised in offering Korean stew dishes; (iii) two self-operated restaurants in Singapore under the brand "Kogane Yama" which are specialised in offering Japanese premium tendon bowls; (iv) two self-operated restaurants in Singapore under the brand "Nipong Naepong" which are specialised in offering Korean fusion noodles; and (v) two self-operated restaurants in Singapore under the brand "NY Night Market" which are specialised in offering Korean fusion western food.

As at the date of this report, the Group has also licensed the brand "Chir Chir" to an Indonesian licensee (the "**Indonesian Licensee**") which has (i) set up and operated three restaurants under the same brand in Indonesia; and (ii) further sub-licensed the brand to four sub-licensees to set up and operate a total of four restaurants under the same brand in Indonesia.

The issued shares of the Company (the "**Shares**") were successfully listed (the "**Listing**") on GEM on 13 August 2018 (the "**Listing Date**"). The net proceeds raised from the Listing amounting to approximately HK$38.7 million (equivalent to approximately SGD6.5 million) would facilitate the Group's future expansion and business growth.

Business Review and Prospect (Continued)

Looking forward, the Group intends to become a leading restaurant operator in Singapore and to extend its network to other Southeast Asian countries. The Group plans to (i) continue to grow the business by procuring new franchised brands; (ii) open restaurants of existing brands outside the central area of Singapore; and (iii) develop more restaurant brands and continue to strengthen its regional presence, marketing efforts and information technology system. The Group will also proactively seek potential business opportunities that may broaden the Group's source of income and enhance value to the shareholders of the Company (the "**Shareholders**").

Appreciation

Lastly, on behalf of the Board, I would like to extend my sincere appreciation to the Shareholders, customers and business partners for their utmost support to the Group, and to express my gratitude to all management members and staff for their hard work and dedication throughout the Year.

Lai Weijie, Terence
Chairman and Executive Director

Singapore, 28 December 2018

Business Review

The Group is a multi-brand restaurant group headquartered in Singapore, of which its restaurants are mainly operated under a franchise model. The Group offers Korean and Japanese cuisines with casual dining concepts that target the middle-income mass market in Singapore, Malaysia and Indonesia. The Group seeks to bring quality food to its customers in an authentic manner.

At the date of this report, the Group had 12 self-operated restaurants and one central kitchen in total, including:

– three self-operated restaurants in Singapore and one self-operated restaurant in Malaysia under the brand "Chir Chir" pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean fried chicken restaurant chain;

– two self-operated restaurants in Singapore under the brand "Masizzim" pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean stew dish restaurant chain;

– two self-operated restaurants in Singapore under the self-developed brand "Kogane Yama" which offers Japanese premium tendon bowls and Japanese rice bowls;

– two self-operated restaurants in Singapore under the brand "Nipong Naepong" pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean fusion noodle restaurant chain;

– two self-operated restaurants in Singapore, of which one was opened subsequently after the end of the Year, under the brand "NY Night Market" pursuant to an exclusive franchise the Group obtained from the franchisor of the brand "Chir Chir" which also owns a restaurant chain offering Korean fusion western food; and

– one central kitchen in Singapore under the self-developed brand "Gangnam Kitchen" which offers catering and delivery services of Korean food in Singapore and serves as the central kitchen to the Group's restaurants in Singapore.

The following table summarises the movement of the number of the Group's self-operated restaurants during the Year and up to the date of this report:

Brand	Chir Chir	Masizzim	Kogane Yama	Nipong Naepong	NY Night Market	Total
As at 30 September 2017	6	2	1	–	–	9
Additions *(Note 1)*	–	–	1	2	1	4
Closure *(Note 2)*	(1)	–	–	–	–	(1)
As at 30 September 2018	5	2	2	2	1	12
Addition *(Note 3)*	–	–	–	–	1	1
Closure *(Note 4)*	(1)	–	–	–	–	(1)
As at the date of this report	4	2	2	2	2	12

Business Review (Continued)

Notes:

1. A self-operated restaurant under the brand "Kogane Yama" which is located at #01-16 JEM, 50 Jurong Gateway Road, Singapore 608549 ("**Kogane Yama (JEM)**") commenced operation on 20 February 2018. Two self-operated restaurants under the brand "Nipong Naepong" which are located at #01-16 JEM, 50 Jurong Gateway Road, Singapore 608459 and #B3-03, 313@Somerset 313 Orchard Road, Singapore 238895 ("**Nipong Naepong (JEM)**" and "**Nipong Naepong (313)**", respectively) commenced operation on 18 February 2018 and 22 June 2018, respectively. A self-operated restaurant under the brand "NY Night Market" which is located at #01-08 Westgate 3 Gateway Drive, Singapore 608352 ("**NY Night Market (Westgate)**") commenced operation on 13 March 2018.

2. On 20 January 2018, the Group ceased operation of a self-operated restaurant under the brand "Chir Chir" which was located at Bedok Point, 799 New Upper Changi Rd, 02-05/06, Singapore 467351 ("**Chir Chir (BP)**") because of its decline in operating results which, the management believes, was caused by the reopening of a recently renovated shopping mall next to the mall where Chir Chir (BP) was situated.

3. A self-operated restaurant under the brand "NY Night Market" which is located at 313@Somerset 313 Orchard Road, #01-29 Singapore 238895 commenced operation on 24 October 2018.

4. On 1 December 2018, the Group closed down a self-operated restaurant under the brand "Chir Chir" which was located at #01-43 Chinatown Point, 133 New Bridge Road, Singapore 059413 ("**Chir Chir (CP)**") because the management decided not to exercise the renewal option of the leased premise but to search for some more attractive locations in Singapore.

As at 30 September 2018, the Group had also licensed the brand "Chir Chir" to the Indonesian Licensee which has (i) set up and operated three restaurants under the same brand in Indonesia; and (ii) further sub-licensed the brand to four sub-licensees to set up and operate a total of four restaurants under the same brand in Indonesia.

The restaurant and catering market in Singapore, Malaysia and Indonesia are intensively competitive. However, the management believes that the Group possesses the following key strengths which contributed to its success, as well as distinguishing itself and positioning itself for significant further growth in the future: (i) proven abilities to select franchised brands which appeal to the customers; (ii) the strategic locations of the Group's restaurants in convenient shopping malls; (iii) a relentless commitment to food quality and hygiene as well as dining experience; and (iv) a passionate and dynamic management team.

The Group intends to become a leading restaurant operator in Singapore and to extend its network to other Southeast Asian countries. The Group plans to achieve the goals by implementing the following key strategies: (i) continue to grow the business by procuring new franchised brands; (ii) open restaurants of existing brands outside the central area of Singapore; and (iii) develop more restaurant brands and continue to strengthen its regional presence, marketing efforts and information technology system.

The Shares were successfully listed on GEM by way of placing and public offer (collectively the "**Share Offer**") on the Listing Date. The net proceeds from the Share Offer enable the Group to implement its future plans and business strategies.

Financial Review

Revenue

The Group's revenue was mainly generated from (i) restaurant operations; (ii) sales of food and food ingredients; and (iii) royalty income. The table below sets forth the Group's revenue breakdown by nature for the Year and Year 2017.

	Year ended 30 September			
	2018		2017	
	SGD'000 (audited)	**%**	SGD'000 (audited)	%
Restaurant operations	**14,798**	**96.0**	12,974	93.7
Sales of food and food ingredients	**222**	**1.4**	228	1.6
Royalty income	**398**	**2.6**	649	4.7
Total	**15,418**	**100.0**	13,851	100.0

Restaurant operations

The majority of the revenue was derived from the operations of self-operated restaurants in Singapore and Malaysia. For Year 2017 and the Year, the revenue generated from restaurant operations amounted to approximately SGD13.0 million and SGD14.8 million, respectively, representing an increase of approximately 13.8%.

The increase was mainly attributable to the full-year operation of the following three self-operated restaurants for the Year which only operated partially for Year 2017: (i) a self-operated restaurant under the brand "Chir Chir" which commenced operation in Malaysia on 24 January 2017 and operated for approximately eight months during Year 2017; (ii) a self-operated restaurant under the brand "Masizzim" which commenced operation in Singapore on 10 May 2017 and operated for approximately five months during the Year 2017; and (iii) a self-operated restaurant under the brand "Kogane Yama" ("**Kogane Yama (BJ)**") which commenced operation in Singapore on 4 June 2017 and operated for approximately four months during Year 2017. In addition, there were four new self-operated restaurants, namely Kogane Yama (JEM), Nipong Naepong (JEM), Nipong Naepong (313) and NY Night Market (Westgate) which commenced operation during the Year.

The increase in revenue was slightly offset by a decline in the number of customer visits due to the continued development of non-traditional commercial areas in Singapore, which generally affected the private retail performance in the traditional commercial areas in Singapore where most of the Group's restaurants are located.

Financial Review (Continued)

Revenue (Continued)

Sales of food and food ingredients

Revenue from the sales of food and food ingredients mainly represented revenue from (i) the sales of food through the operation of Gangnam Kitchen which provides catering and delivery services of Korean food to customers in Singapore; and (ii) the sales of food ingredients to the Indonesian Licensee. The revenue from the sales of food and food ingredients slightly decreased from approximately SGD228,000 for Year 2017 to approximately SGD222,000 for the Year, representing a decrease of approximately 2.6%. The decrease was mainly because more food ingredients were sourced by the Indonesia Licensee from the Group during the Year 2017 for better control of food quality. As the operations of the licensed and sub-licensed restaurants in Indonesia became more mature and the food ingredients were sourced locally, sales of food ingredients from the Group to the Indonesia Licensee decreased during the Year. The decrease was offset by the full-year operation of Gangnam Kitchen during the Year as compared to only two months' operation during Year 2017.

Royalty income

Royalty income represented the royalties from the Indonesian Licensee, Jaesan Food Holdings Sdn. Bhd. ("**Jaesan Food Holdings**") and Mr. Peh Kian Ghee ("**Mr. Peh**") pursuant to the respective business partnership arrangements and sub-license arrangements which the Group has entered into. The revenue from royalty income decreased from approximately SGD649,000 for Year 2017 to approximately SGD398,000 for the Year, representing a decrease of approximately 38.7%. The decrease was mainly attributable to the absence of store opening fee received from the Indonesian Licensee, Jaesan Food Holdings and Mr. Peh for the opening of stores under brands "Chir Chir" and "Kogane Yama" during the Year, which were received during Year 2017.

Cost of inventories consumed

Cost of inventories consumed primarily consisted of the cost of the food ingredients and beverages used in the operations of the Group's self-operated restaurants and central kitchen in Singapore and Malaysia. Cost of inventories amounted to approximately SGD3.5 million and SGD3.7 million for Year 2017 and the Year, respectively, and remained relatively stable at approximately 25.3% and 24.1% of the Group's revenue for the corresponding years.

The increase in the cost of inventories consumed for the Year as compared to Year 2017 was primarily due to the expansion of the Group's network of self-operated restaurants during the Year and was generally in line with the Group's revenue growth during the Year.

Financial Review (Continued)

Gross profit and gross profit margin

The gross profit and gross profit margin of the Group increased from approximately SGD10.3 million and 74.7% respectively for Year 2017 to approximately SGD11.7 million and 75.9% respectively for the Year. It was mainly because (i) the Group commenced to prepare its inhouse sauce for the "Masizzim" restaurants, instead of sourcing them from Korea since October 2017 in order to achieve cost saving; (ii) Kogane Yama (BJ) and Gangnam Kitchen commenced operation in June 2017 and August 2017, respectively, which did not require imported sauces from Korea but was local food ingredients to prepare their food; and (iii) the Group substituted certain supplies with brands of more favourable prices and negotiated with certain of the suppliers for lower price as the Group increased the purchase volume.

Staff costs

Staff costs primarily consisted of the Directors' remuneration, salaries and allowances and retirement benefit contributions. Staff costs increased from approximately SGD3.2 million for Year 2017 to approximately SGD4.5 million for the Year, representing an increase of approximately 40.6%.

The following table sets forth the breakdown of the Group's staff costs for the Year and Year 2017:

	Year ended 30 September	
	2018	2017
	SGD'000	SGD'000
	(audited)	(audited)
Directors' remuneration	**471**	264
Salaries and allowances	**3,745**	2,754
Retirement benefit contributions	**261**	185
Total	**4,477**	3,203

The increase of the staff costs was mainly attributable to the increase in headcount of staff in view of the expansion of the Group's network of self-operated restaurants and the Listing during the Year.

Rental and related expenses

All of the premises of the Group's self-operated restaurants, central kitchen and office were leased during the Year and the Group incurred rental and related expenses in respect of such leases. The rental expenses for restaurants generally comprised basic rent and/or turnover rent components. Rental and related expenses increased from approximately SGD2.9 million for Year 2017 to approximately SGD3.6 million for the Year, representing an increase of approximately 24.1%. The increase in the rental and related expenses was mainly attributable to the expansion of the Group's network of self-operated restaurants during the Year.

Financial Review (Continued)

Listing expenses

The listing expenses primarily consisted of fees paid or payable to professional parties and underwriting fees and commission. Total listing expenses incurred amounted to approximately SGD5.8 million for the Year (2017: Nil), of which approximately SGD3.3 million was recognised as expenses in the consolidated statement of profit or loss and other comprehensive income and approximately SGD2.5 million was accounted for as a deduction from equity.

Finance costs

The finance costs primarily consisted of interest expenses on bank loans, trust receipts loans and hire purchase. Finance costs increased from approximately SGD59,000 for Year 2017 to approximately SGD108,000 for the Year, representing an increase of approximately 83.1%. The increase was in line with the increase in bank loans to finance the opening of the self-operated restaurants.

(Loss) profit for the year

The Group recognised a loss of approximately SGD4.0 million for the Year (2017: profit of SGD1.6 million). The loss was mainly attributable to the non-recurring listing expenses of approximately SGD3.3 million (2017: Nil) charged during the Year and the increase in staff cost from approximately SGD3.2 million for Year 2017 to approximately SGD4.5 million for the Year. Taking no account of the one-off listing expenses, the Group's adjusted loss for the Year would have been approximately SGD0.7 million.

Liquidity and Financial Resources

The Group financed its operations through cash generated from the operating activities and bank borrowings.

The Group recorded net current assets of approximately SGD6.9 million as at 30 September 2018 (2017: SGD0.9 million). Upon the completion of the Share Offer, the Group had raised net proceeds of approximately HK$38.7 million.

As at 30 September 2018, the Group's current ratio was 2.6 (2017: 1.3). Current ratio is calculated based on the total current assets at the end of the year divided by the total current liabilities at the end of the year. As at 30 September 2018, the Group's gearing ratio was 16.5% (2017: 30.2%). Gearing ratio is calculated based on total debt at the end of the year divided by total equity at the end of the year and multiplied by 100%. Total debt refers to all borrowings of the Group, which included amounts due to non-controlling interests and a director, bank loans, trust receipt loans and hire purchase. The decrease in the Group's gearing ratio was mainly due to the increase of equity due to the Listing.

As at 30 September 2018, the Group's total borrowings amounted to approximately SGD1,917,000 (2017: SGD1,065,000) which included bank loans, trust receipt loans and hire purchase of approximately SGD1,390,000 (2017: SGD694,000), SGD500,000 (2017: SGD334,000) and SGD27,000 (2017: SGD37,000), respectively. The Group's borrowings are denominated in Singapore dollars and carry interest at fixed rates ranging from 5.30% to 10.38% (2017: 6.76% to 10.98%) per annum as at 30 September 2018.

Capital Structure

The Company's issued Shares were successfully listed on GEM of the Stock Exchange on 13 August 2018. There has been no change in the Company's capital structure since 13 August 2018. The capital structure of the Group comprises of issued share capital and reserves.

Principal Risks and Uncertainties

The management believes that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. The management believes that the more significant risks relating to the Group's business are as follows:

- The Group is reliant on the master franchise rights in respect of the "Chir Chir" and the "Masizzim" brands and any discontinuation of such rights could materially and adversely impact the Group's business, results of operations and financial condition;

- The Group may not successfully develop the "Nipong Naepong" and the "NY Night Market" brands recently franchised to the Group; and

- The business and operation of the Group are susceptible to product liability or food safety claims.

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in the prospectus of the Company dated 31 July 2018 (the "**Prospectus**").

Foreign Currency Exposure Risks

The Group mainly operates in Singapore, Malaysia and Indonesia with most of the transactions settled in Singapore dollars and Malaysian Ringgit with a small extent in other foreign currencies. As such, the Group did not have a significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

Treasury Policies

The management will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

Significant Investments or Material Acquisitions and Disposals

During the Year, except for investment in subsidiaries, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures save for those mentioned under the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

Capital Commitments

As at 30 September 2018, the Group had capital commitments of approximately SGD328,000 (2017: Nil) in respect of the leasehold improvements.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group does not have other plans for material investments and capital assets.

Contingent Liabilities

As at 30 September 2018, the Group did not have any significant contingent liabilities (2017: Nil).

Pledge of Assets

As at 30 September 2018, the Group's borrowings are secured and/or guaranteed by (i) personal guarantees from certain Directors, (ii) a bank deposit of a director and (iii) a motor vehicle of SGD35,000 (2017: (i) personal guarantees from certain Directors, (ii) a bank deposit of SGD67,000 and (iii) a motor vehicle of SGD45,000). As at the date of this report, a borrowing amounted to approximately SGD478,000, which was secured by a bank deposit of a director and guaranteed with personal guarantees from certain directors of the Company, has been subsequently settled and the security and guarantees were therefore released.

Environmental Policies and Performance

For details of environmental, social and governance performance of the Group, please refer to the "Environmental, Social and Governance Report" on pages 56 to 65 of this annual report.

Use of Proceeds and Comparison of Business Objectives with Actual Business Progress

Based on the final offer price of HK$0.72 per offer share and 100,000,000 Shares offered by the Company, the net proceeds from the Share Offer (the "**Net Proceeds**"), after deduction of underwriting fees and commissions and other related estimated listing expenses payable by the Company in connection with the Share Offer, was approximately HK$38.7 million (equivalent to approximately SGD6.5 million), which was more than the estimated amount stated in the Prospectus using the mid-point of the indicative offer price range. The Company plans to apply the Net Proceeds, after making monetary adjustments to each strategic plan on a pro-rata basis, as follows:

(i) approximately 6.5% of the Net Proceeds, or approximately HK$2.5 million (equivalent to approximately SGD0.4 million), will be used to identify and procure franchise right on brands of foreign restaurants that are established and popular, with distinguishing menu and ambience that could differentiate itself from the existing brands of the Group;

Use of Proceeds and Comparison of Business Objectives with Actual Business Progress (Continued)

(ii) approximately 58.1% of the Net Proceeds, or approximately HK$22.5 million (equivalent to approximately SGD3.8 million), will be used to open new restaurants in Singapore including two new restaurants under the brand of "NY Night Market", one new restaurant under the brand "Nipong Naepong", one new restaurant under the brand "Masizzim", one new restaurant under the brand "After School" and one new restaurant under a new franchised brand to be procured. The Company plans to open new restaurants in non-traditional commercial areas in Singapore as opposite to the traditional commercial area such as the surrounding areas of Orchard Road. The non-traditional commercial areas should be populated residential areas with malls, banks and offices located nearby train stations, such as Vivo City, Bishan Junction 8 and sites with similar features. However, if suitable locations are found in central town areas, such as Clarke Quay and Paragon Orchard, the Company would also consider such areas;

(iii) approximately 6.5% of the Net Proceeds, or approximately HK$2.5 million (equivalent to approximately SGD0.4 million), will be used to strengthen the marketing efforts activities of the Group to promote the brands by carrying out marketing and promotional activities, such as inviting Korean pop stars to visit the restaurants of the Group;

(iv) approximately 6.6% of the Net Proceeds, or approximately HK$2.5 million (equivalent to approximately SGD0.4 million), will be used to expand the workforce of the Group by hiring two marketing staff to enhance the marketing effort, one operation and area manager to manage the restaurant network as the Company expands its business, and one executive chef for research and development of menu and dishes that cater the local customers' tastes and preferences;

(v) approximately 4.8% of the Net Proceeds, or approximately HK$1.9 million (equivalent to approximately SGD0.3 million), will be used to upgrade the point of sale system and accounting system of the Group;

(vi) approximately 13.7% of the Net Proceeds, or approximately HK$5.3 million (equivalent to approximately SGD0.9 million), will be used for partial repayment of outstanding bank borrowings. The bank borrowings to be repaid with the Net Proceeds include loans from two banks in Singapore in the amount of approximately SGD193,000 and SGD182,000 as at 31 January 2018, respectively, as well as a bridge loan obtained by the Group in April 2018 from a bank in Singapore in the amount of SGD500,000, which carried an interest rate of 10.38% per annum as at 31 May 2018; and

(vii) approximately 3.8% of the Net Proceeds, or approximately HK$1.5 million (equivalent to approximately SGD0.3 million), will be used as general working capital of the Group.

Use of Proceeds and Comparison of Business Objectives with Actual Business Progress (Continued)

An analysis of the utilisation of the Net Proceeds is set out as below:

	Actual use from Listing Date to 30 September 2018 HK$'000	Planned use (Note) From Listing Date to 30 September 2018 HK$'000	Six months ending 31 March 2019 HK$'000	Six months ending 30 September 2019 HK$'000	Six months ending 31 March 2020 HK$'000	Six months ending 30 September 2020 HK$'000	Total HK$'000
(i) Growing the business by procuring new franchised brands	2,018	–	1,260	1,260	–	–	2,520
(ii) Developing more restaurant brands and strengthening the regional presence	-	–	7,490	7,490	7,490	–	22,470
(iii) Strengthening the marketing efforts	-	–	1,260	–	1,260	–	2,520
(iv) Enhancing operational efficiency by expanding the workforce	-	20	630	630	630	630	2,540
(v) Enhancing operational efficiency by upgrading the information technology system	177	–	1,860	–	–	–	1,860
(vi) Repayment of outstanding bank borrowings	1,198	5,300	–	–	–	–	5,300
Sub-total	3,393	5,320	12,500	9,380	9,380	630	37,210
(vii) General working capital							1,470
Total							38,680

Note:

The breakdown of the planned use of the Net Proceeds has been adjusted based on the total Net Proceeds of approximately HK$38.7 million and in the same proportions allocated to each of its usage as disclosed in the Prospectus.

During the period from the Listing Date to 30 September 2018, the Group identified and procured a new franchised brand "Bokkabollae" which offers famous Korean food.

The management will constantly evaluate the Group's business objectives and may change or modify the plans against the changing market conditions to ascertain the business growth of the Group.

The unutilised Net Proceeds of approximately HK$35.3 million have been placed in licensed banks in Singapore and Hong Kong.

Executive Directors

Mr. Lai Weijie, Terence ("**Mr. Terence Lai**"), aged 37, is a co-founder of the Group, an executive Director (the "**ED**") and the chairman of the Board (the "**Chairman**"). Mr. Terence Lai is responsible for overseeing the entire Group. He was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Terence Lai is a director of all of the subsidiaries of the Company, including After School Pte. Ltd. ("**After School**"), Gangnam Kitchen Pte. Ltd. ("**Gangnam Kitchen**"), K Food Holdings Pte. Ltd. ("**K Food Holdings**"), K Food Restaurants Sdn. Bhd. ("**K Food Restaurants**"), K Food Master Holdings Sdn. Bhd. ("**K Food Master**"), Kogane Yama Restaurants Pte. Ltd. ("**Kogane Yama**"), NY Night Market Pte. Ltd. ("**NY Night Market**"), NY Night Market (313) Pte. Ltd ("**NY Night Market 2**"), Nipong Naepong Singapore Pte. Ltd. ("**Nipong Naepong**") and K Investment Holdings Limited ("**K Investment**").

Mr. Terence Lai obtained a Diploma in Business Studies (Marketing) from Ngee Ann Polytechnic in Singapore in August 2001. He further obtained a Master of Business Administration from Murdoch University in Australia in October 2008.

Prior to joining the Group, Mr. Terence Lai worked as an unit manager in AIA Group Limited in Singapore from February 2002 to August 2008. He then worked as a business development manager in The Hongkong and Shanghai Banking Corporation Limited in Singapore from September 2008 to October 2009. He started working as a field representative in Prudential Assurance Company Singapore (Pte) Limited in July 2010, and has been a group financial services director since January 2012.

Mr. Terence Lai is an elder brother of Mr. Derek Lai Weikang ("**Mr. Derek Lai**"), the general operations manager of the Group.

Save for the Company, Mr. Terence Lai has not held any directorship in any public listed company in the past three years.

Mr. Ho Zhi Yi, Levi ("**Mr. Ho**"), aged 35, is a co-founder of the Group, an ED and the chief executive officer (the "**CEO**"). Mr. Ho is responsible for overseeing the operations and management of the Group. Mr. Ho was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Ho is a director of all of the subsidiaries of the Company, including After School, Gangnam Kitchen, K Food Holdings, K Food Restaurants, K Food Master, Kogane Yama, NY Night Market, NY Night Market 2, Nipong Naepong and K Investment.

Mr. Ho obtained a Diploma with Merit in Mechanical Engineering from Ngee Ann Polytechnic in Singapore in June 2006.

Prior to joining the Group, Mr. Ho worked as a financial consultant in AIA Group Limited in Singapore from March 2006 to October 2008. Mr. Ho then worked as a manager in HSBC Insurance (Singapore) Pte. Limited from November 2008 to April 2011. He later worked as a senior executive manager in Great Eastern Financial Advisers Private Limited in Singapore from May 2011 to April 2015.

Save for the Company, Mr. Ho has not held any directorship in any public listed company in the past three years.

Executive Directors (Continued)

Mr. Yeap Wei Han, Melvyn ("**Mr. Yeap**"), aged 35, is a co-founder of the Group, the chief financial officer (the "**CFO**") and an ED. Mr. Yeap is responsible for overseeing the financial matters of the Group. He was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Yeap is currently a director of K Food Holdings.

Mr. Yeap obtained a Diploma in Information Technology (Computer Studies) from Ngee Ann Polytechnic in Singapore in August 2003. He then obtained a Bachelor of Technology in Mechanical Engineering from National University of Singapore in June 2009. He further obtained a Master of Science in Financial Economics from Singapore Management University in May 2017.

Prior to joining the Group, Mr. Yeap worked as an associate manager in AIA Group Limited in Singapore from September 2006 to November 2008. From November 2008 to July 2012, he worked as an unit manager in HSBC Insurance (Singapore) Pte. Limited. Mr. Yeap started working as a field representative in Prudential Assurance Company Singapore (Pte) Limited in July 2012, and has been a group financial services director since March 2017.

Save for the Company, Mr. Yeap has not held any directorship in any public listed company in the past three years.

Mr. Tan Chien Fong ("**Mr. Tan**"), aged 33, is a co-founder of the Group, an ED and the marketing manager of the Company. Mr. Tan is responsible for overseeing the Group's marketing matters. Mr. Tan was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Tan is currently a director of K Food Holdings.

Mr. Tan obtained a Diploma in Business Studies from Ngee Ann Polytechnic in Singapore in June 2006.

Prior to joining the Group, Mr. Tan started working as a field representative in Prudential Assurance Company Singapore (Pte) Limited in December 2009, and has been a financial service director since January 2014.

Save for the Company, Mr. Tan has not held any directorship in any public listed company in the past three years.

Each of Mr. Terence Lai, Mr. Ho, Mr. Yeap and Mr. Tan is a director of Canola investment Holdings Limited ("**Canola**") which owns 54.25% of the issued Shares.

Non-Executive Director

Mr. Ng Yook Tim ("**Mr. Ng**"), aged 38, is a co-founder of the Group and the non-executive Director (the "**NED**"). Mr. Ng is responsible for advising on the management and strategic development of the Group. Mr. Ng was appointed as a Director on 24 January 2018 and re-designated as a NED on 10 February 2018. Mr. Ng is a director of K Food Holdings. Mr. Ng is also a member of each of the Board's audit committee (the "**AC**"), remuneration committee (the "**RC**") and nomination committee (the "**NC**"). Mr. Ng is also a director of Canola which owns 54.25% of the issued Shares.

Mr. Ng obtained a Diploma in Business Studies (Marketing) from Ngee Ann Polytechnic in Singapore in August 2001. He further obtained a Bachelor of Commerce in Management and Human Resource Management from Murdoch University in Australia in June 2008.

Prior to joining the Group, Mr. Ng worked as a field engineer specialist for the Singapore Armed Forces from November 2001 to July 2009. He also worked as a consultant in AIA Group Limited in Singapore from May 2008 to October 2008. He further worked as an unit manager in HSBC Insurance (Singapore) Pte. Limited from November 2008 to November 2009. He started working as a field representative in Prudential Assurance Company Singapore (Pte) Limited in December 2009, and has been a group financial services director since March 2017.

Save for the Company, Mr. Ng has not held any directorship in any public listed company in the past three years.

Independent Non-Executive Directors

Mr. Chow Wai San ("**Mr. Chow**"), aged 46, was appointed as an independent non-executive Director (the "**INED**") on 23 July 2018. Mr. Chow is the chairman of the AC and a member of each of the RC and the NC. He provides independent judgment on the issues of strategy, performance, resources and standard of the Group.

Mr. Chow obtained a Degree of Bachelor of Accountancy from the Nanyang Technological University in Singapore in June 1995. Mr. Chow is a chartered accountant of the Institute of Singapore Chartered Accountants and a member of the CPA Australia. He is also a chartered financial analyst of Institute of Chartered Financial Analysts. He has also been an associate member of the Singapore Institute of Directors since February 2015.

Mr. Chow worked in Price Waterhouse Singapore (and the merged entity PricewaterhouseCoopers Singapore) from 1995 to 1999 with his last position held as an assistant manager. He then worked in Arthur Andersen Associates (S) Pte Ltd in Singapore from January 2000 to June 2000 as a senior associate of the global corporate finance division. He rejoined Arthur Andersen Associates (S) Pte Ltd as a senior associate in March 2001 with his last position held as an associate director when he left the company in November 2001. Mr. Chow joined nTan Corporate Advisory Pte Ltd in Singapore as an associate director in November 2001 and left as a director in November 2007. He rejoined nTan Corporate Advisory Pte Ltd in September 2008 as a director and held that position until he left in September 2014. Mr. Chow has been the managing director of Aquifer Consulting Pte. Ltd. in Singapore since October 2014.

Mr. Chow is also currently an independent non-executive director of Universal Resource and Services Limited (stock code: BGO), Nippecraft Limited (stock code: N32) and Resources Prima Group Limited (stock code: 5MM), the respective issued shares of which are listed on Singapore Exchange Securities Trading Limited (the "**Singapore Exchange**").

Independent Non-Executive Directors (Continued)

Mr. Law Chung Lam, Nelson ("**Mr. Law**), aged 56, was appointed as an INED on 23 July 2018. Mr. Law is the chairman of the NC and a member of each of the AC and the RC. He provides independent judgment on the issues of strategy, performance, resources and standard of the Group.

Mr. Law completed secondary education in Hong Kong in 1979.

Mr. Law worked in Manufacturers Hanover Trust Company in Hong Kong (currently known as J. P. Morgan Chase & Co.) from April 1982 to April 1989 with his last position held as a credit account officer. He then worked in First Interstate Bank of California in Hong Kong as an account officer from June 1989 to December 1989. He subsequently worked in Transcontinental Trade & Engineering Limited in Hong Kong from 1990 to 1993 with his last position held as a general manager. From November 1991 to August 1998, Mr. Law worked in Fillpark Limited in Hong Kong with his last position held as a general manager. Mr. Law joined Rank Charm Development Limited in Hong Kong as a general manager from 1994 to 1996. He also worked as a general manager in Wholewin Group in Hong Kong, a company specialised in digital marketing, from 2005 to 2008. Since 2008, Mr. Law has been an associate director of JP Advisory Limited in Hong Kong, a company specialised in corporate finance.

Mr. Law has been a non-executive director of Wealth Glory Holdings Limited, the issued shares of which are listed on GEM (stock code: 8269) and an independent non-executive director of Man Shun Group (Holdings) Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1746), since September 2013 and June 2018, respectively. He has also been the chairman of Angel Fund Company Limited in Hong Kong, a company specialised in property finance since November 2013. Mr. Law has also been the executive chairman and chief financial officer of Sealand Capital Galaxy Limited in London, the issued shares of which are listed on the London Stock Exchange (stock code: SGCL), since July 2015.

Mr. Choo Zheng Xi ("**Mr. Choo**"), aged 32, was appointed as an INED on 23 July 2018. Mr. Choo is the chairman of the RC and a member of each of the AC and the NC. He provides independent judgment on the issues of strategy, performance, resources and standard of the Group.

Mr. Choo obtained a Bachelor of Laws from the National University of Singapore in June 2010. Mr. Choo then obtained a Master of Laws from New York University in December 2010.

Mr. Choo worked in Rodyk & Davidson LLP in Singapore (currently known as Dentons Rodyk & Davidson LLP) as an associate from September 2011 to September 2012. Mr. Choo subsequently joined Peter Low LLC in Singapore (currently known as Peter Low & Choo LLC) in October 2012 and he has been a named director since February 2017.

Mr. Choo is practising as an advocate and a solicitor in Singapore. Mr. Choo is the co-chairman of the Young Lawyers' Committee of the Singapore Law Society and the liaison officer of the International Bar Association Young Lawyers' Committee in Singapore.

Save for the Company, Mr. Choo has not held any directorship in any public listed company in the past three years.

Senior Management

Mr. Derek Lai Weikang ("**Mr. Derek Lai**"), aged 34, has been the general operations manager of the Group since November 2014. Mr. Derek Lai is responsible for overseeing and assisting the Group's operational matters alongside the CEO.

Mr. Derek Lai obtained a Diploma in Interior Design from the Nanyang Academy of Fine Arts in Singapore in 2006.

Prior to joining the Group, Mr. Derek Lai worked as an assistant manager in OKH Holdings Pte. Ltd in Singapore, a subsidiary of OKH Global Ltd, the issued shares of which are listed on the Singapore Exchange (stock code: S3NC) from 2006 to 2008. He then worked as a manager in I-Unity Business Pte. Ltd. in Singapore from 2008 to 2011. He subsequently worked as a financial advisor in Prudential Assurance Company Singapore (Pte) Limited in Singapore from 2014 to 2015.

Mr. Derek Lai is a younger brother of Mr. Terence Lai, an ED and the Chairman.

Mr. Ang Chip Teng ("**Mr. Ang**"), aged 35, is the senior service operation manager of the Group. Mr. Ang is primarily responsible for assisting in the daily operations of all restaurants of the Group. He first joined the Group as a restaurant manager in January 2015 and was appointed as a senior service manager in January 2016.

Mr. Ang completed secondary education in Singapore in 1999. He was then awarded a Statement of Attainment of WSQ Follow Food & Beverage Safety and Hygiene Policies and Procedures by Xprienz Pte. Ltd in August 2011.

Mr. Ang has over 13 years of experience in food and beverage industry. Prior to joining the Group, Mr. Ang worked as a waiter in Michelangelo's Restaurant in Singapore from March 2004 to December 2006. He then worked as a restaurant supervisor in Oosters Belgian Brasserie in Singapore from January 2007 to September 2009. He later worked as an assistant manager in Shiraz F & B Pte. Ltd. in Singapore from November 2009 to February 2010 and Oosters Belgian Brasserie in Singapore from March 2010 to December 2011. Mr. Ang also worked as a senior supervisor in JC Tapas Bar Pte Ltd in Singapore from December 2011 to December 2012, and subsequently worked as a manager at the Violet Oon's Kitchen by Violet Oon in Singapore from January 2013 and December 2013. He joined JC Tapas Bar Pte Ltd in Singapore as an assistant manager from February 2014 to December 2014.

Mr. Chow Wai Loon ("**Mr. Aaron Chow**"), aged 29, is the area service manager of the Group. Mr. Aaron Chow is primarily responsible for overseeing and managing operations of all restaurants of the Group. Mr. Aaron Chow first joined the Group as a floor supervisor in April 2015 and was appointed as an area service manager in August 2017.

Mr. Aaron Chow completed secondary education from Skudai National Secondary School in Malaysia in November 2007.

Prior to joining the Group, Mr. Aaron Chow worked as a sales executive in Xes Studio in Malaysia from May 2008 to December 2009. He then worked as a restaurant assistant manager in Paradise Group in Singapore from March 2010 to February 2015.

Senior Management (Continued)

Ms. Cindy Wang Peifen ("**Ms. Wang**"), aged 28, is the human resource manager of the Group. Ms. Wang is primarily responsible for overseeing and managing all human resources matters of the Group. She first joined the Group as an administrative executive in November 2014 and was appointed as a human resource manager in January 2015.

Ms. Wang obtained a Diploma in Financial Informatics from Ngee Ann Polytechnic in Singapore in May 2013.

Prior to joining the Group, she worked as an administrative officer in TLG agency group representing Prudential Assurance Company Singapore (Pte) Limited from April 2013 to January 2015.

Mr. Khor Meng Kian ("**Mr. Khor**"), aged 26, is the kitchen operation manager of the Group. Mr. Khor is primarily responsible for overseeing and managing all kitchen matters of the Group. Mr. Khor first joined the Group as a kitchen supervisor in February 2015 and was appointed as a kitchen manager in August 2017.

Mr. Khor completed secondary education in Malaysia in December 2010.

Prior to joining the Group, Mr. Khor worked as an assistant supervisor in Mr. Bean Pte. Ltd in Singapore from March 2011 to February 2012. From April 2012 to April 2014, he worked as a sushi chef in Musturi Japanese Restaurant in Singapore. He then worked as a supervisor in Bonchon Singapore Pte. Ltd from May 2014 to January 2015.

Mr. Zhou Ming ("**Mr. Zhou**"), aged 42, is the kitchen operation manager of the Group. Mr. Zhou is also responsible for overseeing and managing all kitchen matters of the Group. Mr. Zhou first joined the Group as a kitchen crew in February 2015 and was appointed as a kitchen manager in August 2017.

Mr. Zhou completed secondary education in the People's Republic of China (the "**PRC**") in July 1995.

Prior to joining the Group, Mr. Zhou worked as a kitchen supervisor in Gongxiao Restaurant* in PRC from July 1999 to April 2002. He subsequently worked in Liaozhongsanyuan clothes store* in PRC as a sales assistant from May 2002 to November 2004. He then worked as a kitchen supervisor at Ziuga Fungmei Restaurant* in PRC from January 2005 to December 2006, and as a kitchen manager in Fish & Co. in Singapore from February 2007 to April 2012. From April 2014 to January 2015, Mr. Zhou worked in Beauty, Body and Health Hall* in PRC.

To the best knowledge of the Directors, each of the members of the senior management of the Group named above had not held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the past three years.

* *For identification purpose only*

Company Secretary

Mr. Kwok Siu Man ("**Mr. Kwok**") was appointed as the company secretary of the Company (the "**Company Secretary**") on 10 February 2018.

Mr. Kwok is an executive director and head, corporate secretarial of Boardroom Corporate Services (HK) Limited ("**Boardroom**"), a director of Boardroom Share Registrars (HK) Limited, the Company's Hong Kong branch share registrar and transfer office, responsible for, amongst others, providing corporate secretarial services to listed clients. He has over 30 years of experience in the corporate secretarial, legal and management fields. In addition, he is an executive committee member of Federation of Share Registrars Limited.

Mr. Kwok matriculated from Queen's College in Hong Kong and obtained a Professional Diploma in Company Secretaryship and Administration and a Bachelor's Degree of Arts (with honours) in Accountancy from the Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University). He also completed a Post-Graduate Diploma in Laws (with credit) from the Manchester Metropolitan University in England and passed the Common Professional Examination in England and Wales.

A Chartered Governance Professional of The Institute of Chartered Secretaries and Administrators in England ("**ICSA**") and The Hong Kong Institute of Chartered Secretaries ("**HKICS**"), Mr. Kwok is a fellow member of each of ICSA, HKICS, The Institute of Financial Accountants in England, the Institute of Public Accountants in Australia, The Association of Hong Kong Accountants and The Hong Kong Institute of Directors and a member of the Hong Kong Securities and Investment Institute. He also possesses professional qualifications in arbitration, taxation, financial planning and human resources management. In 1999, he received induction into the International WHO'S WHO of Professionals, an international organization which establishes a network of international elite professionals. He was one of the adjudicators for the "Best Annual Reports Awards" organised by the Hong Kong Management Association in the early 1990's and the late 2000's and the longest serving elected council member and the reviewer and the chief examiner of the "Hong Kong Company Secretarial Practice/Corporate Secretaryship" module of the international qualifying scheme of the HKICS.

Prior to joining Boardroom in September 2013, he served as the company secretary of various listed companies in Hong Kong including Lai Sun Garment (International) Limited (stock code: 191), Lai Sun Development Company Limited (stock code: 488), Lai Fung Holdings Limited (stock code: 1125), S E A Holdings Limited (stock code: 251), K. Wah International Holdings Limited (stock code: 173) and Great Eagle Holdings Limited (stock code: 41). He was the managing director of a top-notched financial printer in Hong Kong with international affiliation.

Mr. Kwok was an independent non-executive director of Grand Ocean Advanced Resources Company Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 65), from February 2015 to February 2016. He has been an independent non-executive director of Tak Lee Machinery Holdings Limited, the issued shares of which are listed on GEM (stock code: 8142), since June 2017 and has been a director of a charity fund in Hong Kong since its incorporation in 1992.

First appointed as the company secretary of a Hang Seng Index Constituent stock company in 1991, Mr. Kwok was not required to have at least 15 hours of relevant continuing professional development training for each of the five consecutive years from 2012 under the Rules Governing the Listing of Secretaries on the Stock Exchange and the GEM Listing Rules.

Company Secretary (Continued)

Name of institution	Membership grade	Month and year of approval of present membership grade
ICSA	Associate member	November 1984
ICSA	Fellow member	October 1990
The Taxation Institute of Hong Kong	Associate member	May 1993
Hong Kong Institute of Human Resource Management	Associate member	October 1993
HKICS	Fellow member	August 1994
The Institute of Financial Accountants	Fellow member	August 1996
The Chartered Institute of Arbitrators	Associate member	October 1996
Hong Kong Institute of Arbitrators	Associate member	January 1998
Hong Kong Securities and Investment Institute	Member	April 1999
The Chartered Institute of Arbitrators	Member	February 2000
Society of Registered Financial Planners of Hong Kong	Member	December 2003
Hong Kong Securities and Investment Institute	Ordinary member	November 2012
The Association of Hong Kong Accountants	Fellow member	June 2014
The Hong Kong Institute of Directors	Fellow member	July 2014
Institute of Public Accountants	Fellow member	April 2015
ICSA and HKICS	Chartered Governance Professional	September 2018

Compliance Officer

Mr. Yeap is the compliance officer of the Company. For his biographical information, please see "Executive Directors" in this section.

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The management recognises the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

Corporate Governance Practices

As the issued Shares were initially listed on GEM on the Listing Date, the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules was not applicable to the Company for the period from 1 October 2017 to 12 August 2018, being the date immediately before the Listing Date. The Company has adopted and has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date to 30 September 2018 (the "**Period**").

Securities Transactions by Directors

The Company has adopted the required standard of dealings in the securities (the "**Required Standard of Dealings**") as contained in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings during the Period.

Board of Directors

Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business and investment plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the Company's articles of association (the "**Articles of Association**"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to management of the Group if and when considered appropriate. Management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and other duties assigned to it from time to time.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Board of Directors (Continued)

Composition

The Company is committed to holding the view that the Board should include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors (the "**INEDs**")) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

As at the date of this Report, the Board comprises the following eight Directors, of which the INEDs in aggregate represent more than one-third of the Board members:

Executive Directors
Mr. Lai Weijie, Terence ("**Mr. Terence Lai**") *(Chairman)*
Mr. Ho Zhi Yi, Levi ("**Mr. Ho**") *(Chief Executive Officer)*
Mr. Yeap Wei Han, Melvyn ("**Mr. Yeap**") *(Chief Financial Officer)*
Mr. Tan Chien Fong ("**Mr. Tan**")

Non-executive Director
Mr. Ng Yook Tim ("**Mr. Ng**")

INEDs
Mr. Chow Wai San ("**Mr. Chow**")
Mr. Law Chung Lam, Nelson ("**Mr. Law**")
Mr. Choo Zheng Xi ("**Mr. Choo**")

The biographical details of each of the Directors are set out in the section headed "Biographical Information of the Directors and Senior Management" of this annual report.

Mr. Terence Lai is an elder brother of Mr. Derek Lai, and a member of the senior management of the Company (the "**Senior Management**") and the general operations manager of the Group.

Save as disclosed above, there was no financial, business, family or other material relationship among the Directors and the Senior Management during the Period and up to the date of this report.

The INEDs have brought in a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

Throughout the Period, the Company had three INEDs, meeting the requirements of the GEM Listing Rules that the number of INEDs must represent at least one-third of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The Company has received a confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation and not aware of any unfavourably reported incidents, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 5.09 of the GEM Listing Rules from the Listing Date to the date of this Report.

Board of Directors (Continued)

Composition (Continued)

From the Company's financial year commencing on 1 October 2018 ("**Year 2018/19**"), the chairman of the Board (the "**Chairman**"), being an executive Director will at least annually hold one meeting with the INEDs without the presence of other executive Directors.

Proper insurance coverage has been arranged by the Company to cover the Directors against any liability incurred by them in their discharge of their duties.

Directors' Induction and Continuing Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his appointment to ensure that he has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statute and common law, the GEM Listing Rules, other legal and regulatory requirements and the Company's business and governance policies. During the Year, each of the Directors named under the paragraph headed "Composition" above attended a training seminar arranged by the Company's Hong Kong legal advisers on directors' responsibilities and the GEM Listing Rules.

The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors during the Year is summarised as follows:

Name of Directors	Type of trainings
Mr. Terence Lai	A and B
Mr. Ho	A and B
Mr. Yeap	A and B
Mr. Tan	A and B
Mr. Ng	A and B
Mr. Chow	A and B
Mr. Law	A and B
Mr. Choo	A and B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

Board of Directors (Continued)

Meetings of the Board and the Shareholders and Directors' Attendance Records

From Year 2018/19 onwards, the Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at each of the Board meetings and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the Board meeting, or such other period as agreed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

During the Period, the Board held a meeting and, amongst other matters, considered and approved the unaudited consolidated financial results of the Group for the nine months ended 30 June 2018 (the "**2017/18 Third Quarterly Results**") . Mr. Terence Lai, Mr. Ho, Mr. Yeap, Mr. Tan, Mr. Ng, Mr. Chow, Mr. Law and Mr. Choo attended such meeting.

Thereafter, the Board held a meeting on 28 December 2018, during which the Board, amongst other matters, considered and approved the audited consolidated financial statements of the Group for the Year. Each of the Directors attended such meeting.

During the Period, the Company did not hold any general meeting of the Shareholders.

Board Diversity Policy

During the Year, the Board adopted a policy of the Board diversity and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

Chairman and Chief Executive Officer

According to code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the Period and up to the date of this report, Mr. Terence Lai acted as the Chairman and Mr. Ho acted as the CEO. The roles of the Chairman and the CEO have been separated and assumed by different individuals to ensure a balance of power and authority so that power is not concentrated in any member of the Board. The respective roles and responsibilities of the Chairman and the CEO are set out in writing.

Board Committees

The Board has established three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

The Audit Committee was established on 23 July 2018 with written terms of reference in compliance with the GEM Listing Rules and the CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. The Audit Committee comprises all the INEDs, namely Mr. Chow, Mr. Law and Mr. Choo, and the NED, namely Mr. Ng. Mr. Chow is the chairman of the Audit Committee.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, considering the external auditors' proposed audit fees, approving its remuneration and terms of engagement, and handling any questions regarding its resignation or dismissal;

- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with the external auditor on the nature and scope of the audit and reporting obligations before the audit commences;

- developing and implementing a policy on engaging external auditor to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;

- monitoring the integrity of the Company's financial statements and annual reports and accounts, half-year reports and quarterly reports, and reviewing significant financial reporting judgments contained in them;

- discussing problems and reservations arising from the interim limited review and final audits, and any matters the auditors may wish to discuss;

- reviewing the Company's financial controls, and the Group's risk management and internal control systems;

- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have such effective systems;

- reviewing the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

- reviewing the Company's statement on internal control systems prior to endorsement by the Board;

- where an internal audit function exists, reviewing the internal audit programme, ensuring co-ordination between the internal and external auditors and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

Board Committees (Continued)

Audit Committee (Continued)

- preparing work reports for presentation to the Board and preparing summary of work reports for inclusion in the Company's interim and annual reports;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- reviewing the Group's financial and accounting policies and practices;
- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- directly reporting to the Board on the matters in these terms of reference, and on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements);
- reviewing the arrangements that the employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- acting as the key representative body for overseeing the Company's relations with the external auditor;
- discussing problems and qualified opinion, if any, arising from the half-year and annual audit, and any matters the external auditor may wish to discuss (in the absence of management where necessary);
- setting the scope for internal control review;
- meeting with the auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters that the auditor may wish to raise;
- obtaining from the audit firm annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff; and
- considering other topics as defined by the Board.

During the Period, the Audit Committee held a meeting and, amongst other matters, considered and approved for presentation to the Board for consideration and approval the draft 2017/18 Third Quarterly Results. Mr. Chow (chairman), Mr. Ng, Mr. Law and Mr. Choo attended such meeting.

Thereafter and up to the date of this annual report, the Audit Committee held a meeting on 28 December 2018, during which it, amongst other matters, considered and approved for presentation to the Board for consideration and approval the draft audited consolidated financial statements and audit-related matters. Each of the Directors who are the chairman or a member of the Audit Committee attended such meeting.

Board Committees (Continued)

Nomination Committee

The Nomination Committee was established on 23 July 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. The Nomination Committee comprises all the INEDs, namely Mr. Law, Mr. Chow and Mr. Choo, and the NED, namely Mr. Ng. Mr. Law is the chairman of the Nomination Committee.

The principal roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and making any change recommendations to the Board after such review;
- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of, individuals nominated for directorships;
- assessing the independence of the INEDs, having regard to the requirements under the GEM Listing Rules; and
- making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and the succession planning for the Directors, in particular, the Chairman and the CEO.

During the Period, no Nomination Committee meeting was held.

The Nomination Committee held a meeting on 28 December 2018 and, amongst other matters, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming annual general meeting of the Company ("**AGM**"). Each of the Directors who are the chairman or members of the Nomination Committee attended the above meeting in the relevant capacity.

Remuneration Committee

The Remuneration Committee was established on 23 July 2018 with written terms of reference in compliance with the GEM Listing Rules and the CG Code. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee comprises all the INEDs, namely Mr. Choo and Mr. Chow and Mr. Law, and the NED, namely Mr. Ng. Mr. Choo is the chairman of the Remuneration Committee.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing a policy on such remuneration in accordance with, among others, his/her respective experience, responsibilities, workload, performance and time devoted to the Company;

Board Committees (Continued)

Remuneration Committee (Continued)

- having the delegated responsibility to determine the specific remuneration packages of all executive Directors and Senior Management (as defined in Note to A.7.2 of the CG Code, Appendix 15 to the GEM Listing Rules), including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board on the remuneration packages of all executive Directors and Senior Management;

- making recommendations to the Board on the remuneration of the NEDs;

- reviewing and approving management's remuneration proposals by reference to corporate goals and objectives resolved by the Board from time to time;

- reviewing and approving the remuneration payable to the executive Directors and the Senior Management in connection with any loss or termination of their office or appointment to ensure that such remuneration is determined in accordance with relevant contractual terms and that such remuneration is otherwise fair and not excessive for the Company;

- reviewing and approving the compensation arrangements relating to the dismissal or removal of the Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any remuneration payment is otherwise reasonable and appropriate;

- ensuring that no Director or any of his associates (as defined in the GEM Listing Rules) is involved in deciding his own remuneration; and

- with respect to any service contracts of the Directors that require the Shareholders' approval under Rule 13.68 of the GEM Listing Rules, advising the Shareholders as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its Shareholders as a whole, and as to how to vote.

During the Period, no Remuneration Committee meeting was held.

The Remuneration Committee held a meeting on 28 December 2018, and reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and the Senior Management. Each of the Directors who are the chairman or members of the Remuneration Committee attended the above meeting in the relevant capacity.

Board Committees (Continued)

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions which include:

- developing and reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of the Directors and the Senior Management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Directors and the Group's employees; and
- reviewing the Company's compliance with the CG Code and disclosure in this Report.

Appointment and Re-election of Directors

Each of the Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles of Association.

Save as disclosed aforesaid, none of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries other than the contracts/letter of appointment expiring or determinable by the Company within one year without the payment of compensation (other than statutory compensation).

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at an AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself for re-election. Any further Directors so to retire shall be those of other Directors subject to retirement by rotation who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A Director is not required to retire upon reaching any particular age.

The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation.

Appointment and Re-Election of Directors (Continued)

The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Any such Director appointed shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation at an AGM.

Remuneration of Directors and Senior Management

Particulars of the Directors' remuneration for the Year are set out in note 12 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the Senior Management (other than the Directors) whose particulars is contained in the section headed "Biographical Information of the Directors and Senior Management" in this annual report for the Year by band is set out below:

Remuneration band (in HK$)	Number of individuals
Nil to 1,000,000	6

Independent Auditor's Remuneration

Deloitte Touche Tohmatsu ("**Deloitte**") was engaged as the Group's independent auditor for the Year. Apart from the provision of annual audit services, Deloitte provided the audit and non-audit services in connection with the Listing.

The remuneration paid/payable to Deloitte in respect of the Year is set out below:

Services	Fee paid/ payable (in SGD)
Audit services – Annual audit	240,000
Audit services – Listing	636,122
Total	876,122

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements that give a true and fair view of the state of affairs of the Group.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, Deloitte has stated in the independent auditor's report its reporting responsibilities on the consolidated financial statements.

Risk Management and Internal Control

The Company has in place policies and procedures in relation to risk management and internal control. The Board is primarily responsible for overseeing the risk management and internal control systems and for reviewing their effectiveness. The Company's internal control system and procedures are designed to meet its specific business needs and to minimise its risk exposure. The Company has adopted different internal guidelines, along with written policies and procedures to monitor and lessen the impact of risks which are relevant to its business and control its daily business operations. Management will identify the risks associated with the Group's day-to-day operations for review by the Board. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. As the Group does not have an internal audit department, the Group will engage an external consultant to conduct an internal control review on the internal control system of the Group as from Year 2018/19 on an annual basis. The review will cover certain business cycles and procedures undertaken by the Group and make recommendations for improving and strengthening the system.

In preparation for the Listing, the Company had engaged an independent internal control consultant (the "**IC Consultant**") to perform a review of the procedure system and control (including accounting and management systems) of the Group. Based on its internal control review, the IC Consultant recommended certain internal control improvement measures to the Group and the Group has adopted them. The Directors were of the view that the internal control systems were adequate and sufficient in the circumstances.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group covering all material controls, including financial, operational and compliance controls functions. The Board considers that the Group's risk management and internal control systems are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

Disclosure of Inside Information

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the GEM Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors and the CFO are authorised to communicate with parties outside the Group.

Company Secretary

The Company has appointed Mr. Kwok as the Company Secretary with effect from 10 February 2018.

Mr. Kwok was nominated by Boardroom to act as the Company Secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Mr. Kwok presently contacts in respect of company secretarial matters is Ms. Ee Chin Rui, Finance Manager and Ms. Jermin Loh, Business Development Executive.

Mr. Kwok delivered and attended over 15 hours' relevant continuous professional training during the Year pursuant to rule 5.15 of the GEM Listing Rules.

All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary will be subject to the approval of the Board at its meeting.

Shareholders' Rights

Procedures for Putting Forward Proposals at Shareholders' Meetings

There is no provision allowing Shareholders to make proposals or move resolutions at the AGMs under the Articles of Association or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting (the "**EGM**") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

Procedures for Shareholders to Convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned (the "**Requisitionist(s)**") at the principal place of business of the Company in Hong Kong (presently Units 4101–4104, 41/F., Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name(s) of the Requisitionist(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Requisitionist(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM within two months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Requisitionist(s) will be advised of the outcome and accordingly, the Board or the Company Secretary will not call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Requisitionist(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board or the Company Secretary fails to proceed to convene such EGM, the Requisitionist(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board or the Company Secretary to convene an EGM shall be reimbursed to the Requisitionist(s) by the Company.

Shareholders' Rights (Continued)

Procedures for Shareholders to Send Enquires to the Board

Shareholders may direct their enquiries about their shareholdings, share transfer/registration or their notification of change of their correspondence address or dividend/distribution instructions to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong.

Shareholders may send their enquiries and concerns to the Board by post to the headquarters and principal place of business of the Company in Singapore at 1 Grange Road, Orchard Building, #12-01, Singapore, 239693 or by email to enquiry@kgroup.com.hk, for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

1. the matters within the Board's purview to the executive Directors;

2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and

3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

Communication with the Shareholders

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

Information will be communicated to the Shareholders through the Company's financial reports, announcements, circulars, AGMs and other EGMs that may be convened as well as all the published disclosures submitted to the Stock Exchange.

Constitutional Documents

Except for the conditional adoption of the amended and restated memorandum of association and Articles of Association (the "**M&A**") by the Company to comply with the applicable legal and regulatory requirements (including the GEM Listing Rules) on 23 July 2018, which took effect from the Listing Date, there was no change in the constitutional documents of the Company during the Year.

The amended and restated M&A is available on the respective websites of the Stock Exchange and the Company.

The Directors present the annual report together with the audited consolidated financial statements of the Group for the Year.

Corporate Reorganisation and Share Offer

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands as an exempted company with limited liability on 24 January 2018.

In preparation for the Listing, the companies comprising the Group underwent a reorganisation (the "**Reorganisation**"). Pursuant to the Reorganisation, the Company became the holding company of the other members of the Group on 24 July 2018. Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus.

The Shares were successfully listed on GEM on Listing Date.

Principal Activities

The principal activity of the Company is investment holding. The Group is a multi-brand restaurant group headquartered in Singapore, of which the restaurants are mainly operated under a franchise model. Particulars of the principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Year.

Results and Dividends

The results and the state of affairs of the Group for the Year are set out in the consolidated financial statements on pages 71 to 131 of this annual report.

The Board has resolved not to declare the payment of a final dividend for the Year (2017: SGD0.6 million declared and paid by K Food Holdings).

Annual General Meeting

The forthcoming annual general meeting of the Company (the "**2019 AGM**") is scheduled to be held on Friday, 1 March 2019. A circular containing the details of the 2019 AGM and the notice of the 2019 AGM will be issued and sent to the Shareholders on 31 December 2018.

Closure of the Register of Members

The register of members of the Company (the "**Register of Members**") will be closed from Tuesday, 26 February 2019 to Friday, 1 March 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2019 AGM to be held on Friday, 1 March 2019, non-registered Shareholders must lodge all completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Monday, 25 February 2019.

Business Review

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 5 to 16 of this annual report.

A discussion and analysis of the activities of the Company as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's businesses, the compliance with relevant laws and regulations, as well as the Group's environmental policies and performance which have a significant impact on the Company, can be found in the "Management Discussion and Analysis" on pages 7 to 16 and "Corporate Governance Report" on pages 25 to 38 of this annual report. Such discussion forms part of this report.

Financial Summary

A summary of the results and the assets and liabilities of the Group for each of the latest three financial years is set out on page 132 of this annual report. This summary does not form part of the audited consolidated financial statements.

Plant and Equipment

Details of movements in the plant and equipment of the Group during the Year are set out in note 15 to the consolidated financial statements.

Borrowings

Particulars of borrowings of the Group as at 30 September 2018 are set out in note 23 to the consolidated financial statements.

Interest Capitalised

The Group has not capitalised any interest during the Year.

Share Capital

Details of the Company's share capital is set out in note 26 to the consolidated financial statements.

Pre-Emptive Rights

There is no provision for pre-emptive or similar rights under the laws of the Caymans Islands, being the jurisdiction in which the Company was incorporated or the Articles of Association which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

Reserves

Details of movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 74 and in note 38 to the consolidated financial statements, respectively.

Distributable Reserves

Under the Companies Law of the Cayman Islands, the Company may pay dividends out of the profit or the share premium account in accordance with the provisions of Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, the Company remains able to pay the debts as and when they fall due in the ordinary course of business. As at 30 September 2018, the Company's reserves available for distribution to Shareholders comprising share premium and accumulated loss, amounted to approximately SGD5.4 million.

Purchase, Sale or Redemption of Listed Securities of the Company

During the period from the Listing Date to 30 September 2018 and thereafter up to the date of this report (the **Compliance Period**"), the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

Directors

The Directors during the Year and up to the date of this annual report were as follows:

EDs
Mr. Lai Weijie, Terence *(Chairman) (Notes 1 and 2)*
Mr. Ho Zhi Yi, Levi *(Chief Executive Officer) (Notes 1 and 3)*
Mr. Yeap Wei Han, Melvyn *(Chief Financial Officer) (Notes 1 and 4)*
Mr. Tan Chien Fong *(Note 1)*

NED
Mr. Ng Yook Tim *(Note 1)*

INEDs
Mr. Chow Wai San *(Note 5)*
Mr. Law Chung Lam, Nelson *(Note 5)*
Mr. Choo Zheng Xi *(Note 5)*

Notes:

1. All of the above Directors were appointed as Directors of the Company on 24 January 2018 and re-designated as ED or NED on 10 February 2018.

2. Mr. Terence Lai was appointed as the Chairman on 10 February 2018.

3. Mr. Ho was appointed as the CEO on 10 February 2018.

4. Mr. Yeap was appointed as the CFO on 10 February 2018.

5. Mr. Chow, Mr. Law and Mr. Choo were appointed as INEDs on 23 July 2018.

Directors (Continued)

Article 112 of the Article of Association provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Articles 108 (a) and (b) of the Articles of Association provide that (1) one-third of the Directors for time being or, if their number is a not multiple of three, the number nearest to but not less than one-third shall retire from office by rotation at each AGM, provided that every Director shall be subject to retirement by rotation at least once every three years; and (2) a retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election.

Each of Mr. Terence Lai, Mr. Ho, and Mr. Yeap will retire at the 2019 AGM and all of them, being eligible, will offer themselves for re-election at the 2019 AGM.

Independence of the INEDs

The Company has received, from each of the INEDs, a written confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the INEDs are independent.

Directors' Service Contracts

Each of the Directors has entered into a service contract with the Company for a term of three years commencing on the Listing Date, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of the Directors as set out in the Articles of Association.

Save as disclosed aforesaid, none of the Directors has entered into a service agreement or agreement for appointment with the Company or any of its subsidiaries other than the agreement expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

All Directors are subject to retirement by rotation at least once every three years in accordance with the Articles of Association.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 17 to 24 of this annual report.

Securities Transactions by Directors

The Company has adopted the Required Standard of Dealings set out in the GEM Listing Rules as rules governing dealings by Directors in the listed securities of the Company. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings.

Directors' and Controlling Shareholders' Interests in Contracts

Other than as disclosed in note 32 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director, controlling shareholders (as defined in the GEM Listing Rules) of the Company and their respective connected parties had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Arrangements to Enable Directors to Acquire Shares or Debentures

At no time during the Year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or their respective associates (as defined in the GEM Listing Rules) to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

Management Contracts

No contract, other than the employment contracts, concerning management and administration of the whole or any substantial part of the Group's businesses was entered into or existed during the Year.

Directors' and Controlling Shareholders' Interests in Competing Business

None of the Directors or the controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) had interests in any business apart from the Group's businesses, which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the Compliance Period.

Compliance of Non-Competition Undertakings

The Group and the controlling shareholder(s) (as defined under GEM Listing Rules) of the Company (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into a deed of non-competition (the "**Deed of Non-competition**" and the "**Non-competition**", respectively) with the Company (for itself and for the benefit of each other member of the Group) on 23 July 2018, details of which are set out in the Prospectus. Pursuant to the Deed of Non-competition, each of the Covenantors has, among other things, irrevocably and unconditionally undertaken to the Company (for itself and on behalf of its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the business activity of any member of the Group.

Each of the Covenantors further undertakes that if any of he/it or his/its associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its close associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within six months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

For further details of the Deed of Non-competition, please refer to the section headed "Relationship with our Controlling Shareholder(s)" in the Prospectus.

The Company has received from each of the Covenantors a written confirmation on the compliance with the Non-competition during the Compliance Period. The INEDs have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-competition have been complied with by each of the Covenantors and duly enforced during the Compliance Period.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 September 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of Directors/ Chief executive	Capacity/Nature of interest	Number of Shares/ underlying Shares interested *(Note 1)*	Approximate percentage of the Company's issued Shares*
Mr. Terence Lai *(Note 2)*	Interest of a controlled corporation/interest held jointly with another person	216,990,000	54.25%
Mr. Yeap *(Note 2)*	Interest held jointly with another person	216,990,000	54.25%
Mr. Ho *(Note 2)*	Interest held jointly with another person	216,990,000	54.25%
Mr. Tan *(Note 2)*	Interest held jointly with another person	216,990,000	54.25%
Mr. Ng *(Note 2)*	Interest held jointly with another person	216,990,000	54.25%

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations (Continued)

(i) Long position in the Shares (Continued)

Notes:

1. All interests stated are long positions.

2. These Shares were held by Canola which was in turn owned as to approximately 33.69% by Mr. Terence Lai, 23.17% by Mr. Yeap, 16.85% by Mr. Ho, 12.64% by Mr. Tan, 12.64% by Mr. Ng and 1.01% by Mr. Derek Lai. On 10 February 2018, Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai entered into an acting-in-concert confirmation (the "**Confirmation**"), pursuant to which they had confirmed that they had been parties acting in concert in the operation and management of the Group since 1 October 2015. Accordingly, each person under the concert party arrangement is taken to be interested in the Shares the other part(ies) under such concert party arrangement is/are interested under the SFO.

* The percentage represents the total number of the Shares and the underlying Shares interested divided by the number of issued Shares of 400,000,000 as at 30 September 2018.

(ii) Long position in the ordinary shares of associated corporation

Name of Directors/ Chief executive	Name of associated corporation	Capacity/Nature of interest	Number of ordinary shares held *(Note 1)*	Approximate percentage of shareholding
Mr. Terence Lai	Canola *(Note 2)*	Beneficial owner	3,369	33.69%
Mr. Yeap	Canola *(Note 2)*	Beneficial owner	2,317	23.17%
Mr. Ho	Canola *(Note 2)*	Beneficial owner	1,685	16.85%
Mr. Tan	Canola *(Note 2)*	Beneficial owner	1,264	12.64%
Mr. Ng	Canola *(Note 2)*	Beneficial owner	1,264	12.64%

Notes:

1. All interests stated are long positions.

2. Canola is a direct Shareholder and is an associated corporation of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, as at 30 September 2018, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions In Shares and Underlying Shares

As at 30 September 2018, so far as is known to the Directors, the following entity or persons, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and underlying Shares recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares interested or held *(Note 1)*	Approximate percentage of the Company's issued Shares*
Canola	Beneficial owner	216,990,000	54.25%
Ms. Ong Hui Hui ("**Ms. Ong**") *(Note 2)*	Interest of spouse	216,990,000	54.25%
Ms. Teo Yan Qi Sharon ("**Ms. Teo**") *(Note 3)*	Interest of spouse	216,990,000	54.25%
Mr. Derek Lai *(Note 4)*	Interest held jointly with another person	216,990,000	54.25%
Mr. Tan Yit Hoe	Beneficial owner	20,000,791	5.00%

Notes:

1. All interests stated are long positions.

2. Ms. Ong is the spouse of Mr. Ho and she is deemed to be interested in all the Shares which are beneficially owned and deemed to be held by Mr. Ho under the SFO.

3. Ms. Teo is the spouse of Mr. Tan and she is deemed to be interested in the Shares which are beneficially owned and deemed to be held by Mr. Tan under the SFO.

4. On 10 February 2018, Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai entered into the Confirmation, whereby they confirmed that among other things, since 1 October 2015, they had been actively cooperating with one another and acting in concert, with an aim to achieving consensus and concerted action on all operating and financing decisions and major affairs relating to each member company within the Group. Details of the acting in concert arrangement are set out in the section headed "History, Reorganisation and Corporate Structure – Acting-in-concert Confirmation" of the Prospectus. As such, each of Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai is deemed to be interested in 54.25% of the issued Shares.

* The percentage represents the number of Shares interested divided by the number of issued Shares of 400,000,000 as at 30 September 2018.

Substantial Shareholders' and Other Persons' Interests and Short Positions In Shares and Underlying Shares (Continued)

Interests in issued voting shares of other members of the Group

Name of shareholders	Name of members of the Group	Capacity/Nature of interest	Number of ordinary share(s) *(Note 1)*	Approximate percentage of shareholding
Mr. Peh	Kogane Yama Restaurants Pte. Ltd.	Beneficial owner	400	40%
Jaesan Food Holdings *(Note 2)*	K Food Master Holdings Sdn. Bhd.	Beneficial owner	200,000	40%

Notes:

1. All interests stated are long positions.

2. Jaesan Food Holdings is owned as to 31% by Mr. Lawrence Tan Wee Ee, 24% by Mr. Rodney Tay Peng-Liang, 24% by Mr. Shenton Yap Wen-Howe, 16% by Ms. Alisa Khoo and 5% by Mr. Kenneth Kok Tsing Kuan.

Save as disclosed above, as at 30 September 2018, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

The Company had conditionally adopted a share option scheme (the "**Share Option Scheme**") on 23 July 2018 (the "**Adoption Date**"), which became effective upon the commencement of dealings of the Shares on the Stock Exchange on the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted by the Company or agreed to be granted under the Share Option Scheme since the Adoption Date and up to the date of this report. Therefore, no share options lapsed or were exercised or cancelled during the Compliance Period and there were no outstanding share options as at 30 September 2018.

The following is a summary of the principal terms of the rules of the Share Option Scheme:

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

Share Option Scheme (Continued)

Participants

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the INEDs) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

Basis of exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a date on which the Stock Exchange is open for the business of dealings in securities (the "**Business Day**"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

Maximum number of Shares available for issue

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 40,000,000 Shares, representing 10% of the Shares in issue upon the Listing.

The 10% limit as mentioned above may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the GEM Listing Rules in this regard.

Share Option Scheme (Continued)

Maximum number of Shares available for issue (Continued)

The Company may seek separate approval from the Shareholders in general meeting for granting options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to grantees specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.

The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by the Shareholders in general meeting with such grantee and his close associates abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

Where any grant of options to a substantial Shareholder or an INED (or any of their respective close associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of options is required to be approved by the Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the GEM Listing Rules in this regard.

Share Option Scheme (Continued)

Period and amount payable for taking up an option

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

Vesting period of option

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no minimum period for which an option must be held before it can be exercised.

Remaining life

The Share Option Scheme will remain in force for a period of ten years commencing on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company, or subsisting during the Year.

Interests of the Compliance Adviser

The Company has appointed Lego Corporate Finance Limited (the "**Compliance Adviser**") as the compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rule. As at 30 September 2018, as notified by the Compliance Adviser, save for the compliance adviser agreement dated 10 February 2018 entered into between the Company and the Compliance Adviser regarding the receipt of fees for acting as the Compliance Adviser, neither the Compliance Adviser nor its directors or employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Compliance with the Relevant Laws and Regulations

As far as the Directors are aware, save as those disclosed in the Prospectus, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Major Customers and Suppliers

Due to the nature of restaurant and catering business, the Group's major customers were mainly retail customers (being general public in the countries of operation), except for (i) the Indonesian Licensee; (ii) Jaesan Food Holdings; (iii) Mr. Peh; and (iv) Arena Investment Holdings Pte. Ltd. which purchased vouchers from the Group during the Year. For the Year, total revenue attributable to the abovementioned customers amounted to approximately SGD597,000, representing approximately 3.9% of the total revenue.

Both of Jaesan Food Holdings and Mr. Peh are substantial shareholders of the non-wholly owned subsidiaries of the Company and accordingly are connected persons (as defined under the GEM Listing Rules) of the Company.

For the Year, purchases from the Group's five largest suppliers accounted for 58.9% of the Group's total purchases of raw materials and consumables consumed. During the Year, purchases from the Group's largest supplier accounted for 16.4% of the Group's total purchases of raw materials and consumables.

Save as disclosed above, none of the Directors, their respective associates, or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued Shares) had any significant beneficial interest in the major customers and suppliers disclosed above.

Related Party Transactions and Connected Transactions

Details of the related party transactions entered into by the Group during the Year are set out in note 32 to the consolidated financial statements. None of these related party transactions constitute a "connected transaction" or "continuing connected transaction" under Chapter 20 of the GEM Listing Rules.

Corporate Governance Practices

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly.

Details of the principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 25 to 38 of this annual report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the Compliance Period and thereafter up to the date of this annual report, the Board confirms that the Company has maintained a sufficient public float as required by the GEM Listing Rules (i.e. at least 25% of the Company's issued Shares in public hands).

Permitted Indemnity Provision

Article 191 of the Articles of Association provides that the Directors, managing directors, alternate directors, auditors, secretary and other officers of the Company and the trustees (if any) shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trust, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

Such permitted indemnity provision has been in force throughout the Compliance Period. The Company has taken out an insurance policy under which the Directors and the Senior Management are indemnified from and against any losses, damages, liabilities and expenses arising from, including but not limited, to any proceedings brought against them during the performance of their duties and responsibilities.

The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the Compliance Period.

Employees and Remuneration Policy

As at 30 September 2018, the Group has 138 full-time employees and 25 part-time employees for its operations in Singapore and Malaysia (2017: 94 full-time employees and 64 part-time employees). For the Year, the Group incurred staff costs, including Directors' remuneration, of approximately SGD4.5 million (2017: SGD3.2 million). The Company has adopted a Share Option Scheme on 23 July 2018, which became effective on the Listing Date, for the purpose of recognising and acknowledging the contribution of employees. Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. The Company has also established the RC to make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation and on the Group's policy and structure for remuneration. The Group values its employees and grows its staff by providing various trainings, including paid overseas visits to home brands in Korea, training on food processing procedures, training on customer service, etc.

Emoluments of Directors and Five Highest Paid Employees

Details of the emoluments of the Directors and the five individuals with the highest emoluments for the Year are set out in note 12 to the consolidated financial statements.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for the Year.

The remuneration of the Directors are formulated and recommended by the RC taking into account the Directors' experience, responsibilities, workload, performance and the time devoted to the Group.

Save for Directors' fees, none of the INEDs is expected to receive any other remuneration for holding their office as an INED.

Environmental, Social and Governance Report

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conduct, employment and the environment.

The "Environmental, Social and Governance Report", which forms part of this report, is set out on pages 56 to 65 of this annual report.

Tax Relief

The Company is not aware of any relief on taxation to the Shareholders by reason of their holding of the Shares. If unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights relating to the Shares, Shareholders are advised to consult their professional advisers.

Important Events After the Reporting Period

Save as disclosed in note 39 to the consolidated financial statements and elsewhere in this annual report, the Board is not aware of any material event requiring disclosure, that has taken place subsequent to 30 September 2018 and up to the date of this report.

Review by Audit Committee

The AC was established on 23 July 2018 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provisions C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the AC are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditors and to review and monitor the financial reporting process, risk management and internal control systems of the Group. The AC currently comprises all the three INEDs, namely Mr. Chow, Mr. Law and Mr. Choo and the NED, Mr. Ng. Mr. Chow is the chairman of the AC.

The AC has reviewed the audited consolidated financial statements and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Independent Auditor

The consolidated financial statements have been audited by Deloitte Touche Tohmatsu who will retire at the conclusion of the 2019 AGM and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders at the 2019 AGM to re-appoint Deloitte Touche Tohmatsu as the independent auditor of the Company.

There has been no change in the independent auditor of the Company since its incorporation.

By Order of the Board
K Group Holdings Limited

Lai Weijie, Terence
Chairman and Executive Director

Singapore, 28 December 2018

Environmental, Social and Governance Report

About This Report

The Group is pleased to present this Environmental, Social and Governance Report ("**ESG Report**") to provide an overview of the Group's management of significant issues affecting the operation, including environmental, social and governance ("**ESG**") issues.

This ESG Report is prepared in accordance with Appendix 20 – "Environmental, Social and Governance Reporting Guide" of the GEM Listing Rules and has complied with the "comply or explain" provision in the GEM Listing Rules. All the information in the ESG Report was sourced from the official documents, statistical data and management and operational information of and collected by the Group.

Reporting period and scope

Reporting Period:	1 October 2017 to 30 September 2018 (the "**Reporting Period**")
Reporting Scope:	This ESG Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group. Hence, it covers the Group's principal business of restaurant operation in Singapore only.

Opinion and feedback

The Group welcomes your feedback on this ESG Report. Please contact us by email at enquiry@kgroup.com.hk. Your feedback or suggestions would greatly help the Group continuously improve its sustainable performance.

Introduction

The Group strives to incorporate sustainability initiatives into the daily operation and management. While sharing the vision to be the preferred choice of the stakeholders, the Group is committed to improving the ESG performance by upholding good corporate governance standards, protecting the environment, engaging the community and promoting the social integration.

1. Stakeholder engagement

Stakeholder engagement is a key success factor in formulating the Group's ESG strategies. The key stakeholders include customers, suppliers, employees, management and shareholders. The Group has discussed and communicated with various stakeholders in respect of ESG to understand their views, seriously considered and responded to their needs and expectations, evaluated and prioritised their inputs to improve the performance, and finally strived to provide values to the stakeholders, community and the public as a whole.

Based on the stakeholder engagement, the Group has not identified any significant ESG issues.

(A) Environmental

2.1 Environmental policy and compliance

Environmental protection is of particular concern to the Group. The Group is committed to contribute through more efficient use of resources and implemented waste management into all areas of the business, where possible.

The Group supports the "Green Environment" idea, complies with the requirements of all relevant laws and regulations in the Singapore's food industry, and is committed to the social responsibility of protecting the environment as a responsible corporation. The Group has implemented policies and taken measures to ensure the Group's business and operation to be energy, water and resources saving.

To the best knowledge and after making reasonable enquires, the Group has not identified any material non-compliance with all relevant laws and regulations regarding environmental issues during the Year.

2.2 Emission

The major emissions from the usage of town gas in the kitchen operation are air pollutants including nitrogen oxides (NO_x), sulphur oxides (SO_x), and greenhouse gases including carbon dioxide (CO_2), methane and nitrous oxides.

The Group executes gas emission control through the installation and the use of appropriate and efficient filtering equipment and regular inspection, maintenance and repair of the ventilation system.

The head chef is the responsible officer to supervise the kitchen staff to turn off gas stoves and water heaters when not in use and to ensure a proper use of the kitchen facilities and equipment. Unwanted materials and thick ice have been regularly cleared and defrosted from refrigerator. Energy saving cooking facilities and equipment have also been installed in the restaurants and office such as LED lighting.

In addition, the Group has also set up an area for recycling and storing the used cooking oil and grease trap wastes in each restaurant for the qualified vendors to collect and dispose of.

(A) Environmental (Continued)

2.2 Emission (Continued)

During the Year, the emission of the Group was as follows:

Table 1 – Emission

	Unit	2018
Type of air pollutants		
NO_x	Kg	5
SO_x	G	35
Particulate matter	G	1
Greenhouse Gas ("GHS") emission		
Scope 1 *(Note 1)*	tonnes of CO_2e	12
Scope 2 *(Note 2)*	tonnes of CO_2e	775
Scope 3 *(Note 3)*	tonnes of CO_2e	32
Total GHG emission	tonnes of CO_2e	819
GHG emission intensity	tonnes of CO_2e/SGD'm revenue *(Note 4)*	55

Notes:

1. Scope 1: Direct emission from sources that are owned or controlled by the Group.
2. Scope 2: Indirect emissions from the generation of purchased electricity and purchased town gas consumed by the Group.
3. Scope 3: Other indirect emission from paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments and business air travel by employees.
4. The intensity refers to tonnes of CO_2e per millions of revenue of the Group for the Year.

(A) Environmental (Continued)

2.3 Hazardous and non-hazardous waste management

The Group did not generally generate hazardous waste from its operation during the Year. For non-hazardous waste, leftovers are the main source of solid waste generated from the restaurant operation. The Group has included guidelines for the food ordering and processing in the section of Code of Practice in the employee handbook and training manual. With the controls over food ordering and processing fully implemented, the Group is able to reduce the food waste effectively and avoid excessive ingredients and dishes. In addition, the employees are aware of the food waste reduction and the relative concept. Forward looking, the Group will strive to streamline its restaurant operation process and to use energy and resources in the most efficient manner.

For paper waste, it is generated from the use of napkins by customers and paper printing in the Group's head office. The Group constantly encourages all staff to reduce paper usage by duplex printing and, frequent use of electronic information systems for sharing information or internal administration documents.

During the Year, the non-hazardous waste generated by the Group was as follows:

Table 2 – Non-hazardous waste

	Unit	2018
Non-hazardous waste produced	tonnes	401
Non-hazardous waste produced intensity	tonnes/SGD'm revenue *(Note)*	27

Note: The intensity refers to tonnes of non-hazardous waste per millions of revenue of the Group for the Year.

2.4 Use of resources

The Group places a great emphasis on environmental protection to ensure efficient use of energy and resources. It strives to reduce the resources consumption by implementing energy and water efficiency initiatives and encouraging the employees, customers, business partners and the community to adopt environmentally responsible behavior.

(i) Energy Consumption

The energy consumption of the Group mainly comes from purchased towngas and purchased electricity. The Group promotes energy saving with various energy-efficient measures, including turn off gas stoves and water heaters when not in use, switch off idle lightings during non-office hours, and open air-conditioners and other equipment according to seasonal adjustment. In addition, the Group has also installed energy saving cooking facilities and equipment.

(A) Environmental (Continued)

2.4 Use of resources (Continued)

(i) Energy Consumption (Continued)

During the Year, the energy consumption of the Group was as follows:

Table 3 – Energy consumption

	Unit	2018
Towngas consumption	Kwh	779,728
Electricity consumption	Kwh	746,281
Total energy consumption	Kwh	1,526,009
Total energy consumption intensity	Kwh/SGD'm revenue *(Note)*	101,734

Note: The intensity refers to Kwh of energy per millions of revenue of the Group for the Year.

(ii) Water Consumption

Water is another important resource used by the Group in daily operation. The Group consumes water in different activities, including food washing, cooking and kitchen utensils cleaning. It endeavours effective water usage concept by identifying water saving initiatives and has adopted water-saving production methods and equipment to reduce the water consumption. The used water is re-used under feasible circumstances. Head chefs and restaurant managers have been assigned to ensure there is no unwarranted use of water. Furthermore, the Group has conducted regular maintenance of water pipes to prevent leakage of water and repaired any defective components. Hence, the Group did not encounter any issue in sourcing water that is fit for purpose during the Year.

During the Year, the water consumption of the Group was as follows:

Table 4 – Water consumption

	Unit	2018
Water consumption	m^3	10,643
Water consumption intensity	m^3/SGD'm revenue *(Note)*	710

Note: The intensity refers to m^3 of water per millions of revenue of the Group for the Year.

(A) Environmental (Continued)

2.4 Use of resources (Continued)

(iii) Packaging Materials

Take-away is also one of the restaurants' services to the customers. The Group uses plastic wraps and containers for food products packaging. It sets out guidelines for the staff to minimise the usage of the packaging materials.

During the Year, the packaging materials used by the Group was as follows:

Table 5 – Packaging materials

	Unit	2018
Packaging materials used	tonnes	20
Packaging materials used intensity	tonnes/SGD'm revenue *(Note)*	1

Note: The intensity refers to tonnes of packaging materials per millions of revenue of the Group for the Year.

2.5 The environment and natural resources

With the integration of policies and measures to reduce emissions and resources consumption, the Group strives to reduce the negative impacts on the environment and natural resources. The Group raises staff awareness on environmental issues at work and in life through education and training and enlists employees' support in improving the Group's performance. The Group also supports community activities in relation to environmental protection and sustainability and evaluates regularly and monitors the past and present business activities impacting upon health, safety and environmental matters.

(B) Social

3. Employment and Labour Practices

The Group aims to ensure that the health, safety and welfare of its employees are well taken care of and the Group acknowledges its responsibility towards employees who may be affected by its activities. While the Group regards legislative compliance as a minimum, whenever possible, the Group seeks to implement higher health and safety standards throughout the Group.

3.1 Employment and labour

The Group believes people are valuable assets and their diligent efforts and continuous supports are crucial to the Group's development and success. As such, the Group aims to attract and retain talents, provide a safe and equal working environment for its employees and promote employees' health and well-being. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group seeks to provide a work environment with equal opportunities and diversified human resources. The Group's guidelines on staff recruitment and avoidance of unlawful employment policy outline the obligations as a responsible employer and the procedures necessary to ensure all candidates are treated equally and the employment is in compliance with the relevant laws and regulations.

The Group is committed to upholding the elimination of all forms of forced labor and supporting the effective abolition of child labor. The Group strictly prohibits the use of child labor in accordance with the relevant laws and regulations related to, among other things, prevention of child labor and forced labor.

The Group also appreciates the importance of cultural diversity and employs a workforce in a wide range of age, gender, ethnicity, and education background. By providing on-the-job training, the Group helped the new recruits to integrate into the team of members successfully.

Information, such as statement on work hours, pay and performance issues, policies on benefits, training and leave, and disciplinary procedures and possible sanctions, is clearly stated on a written employee hand book provided in the national language of the employees.

(B) Social (Continued)

3. Employment and Labour Practices (Continued)

3.1 Employment and labour (Continued)

During the Year, the Group has not identified any non-compliance with the relevant employment, child and forced labor-related laws and regulations. The employment status of the Group during the Year was as follows:

Table 6 – Employment and labour

	Number of employee	Occupied percentage
Gender		
Female	107	53.5%
Male	93	46.5%
Employment type		
Full time	127	63.5%
Part time	73	36.5%
Age range		
18 – 30	154	77.0%
31 – 40	31	15.5%
41 – 50	7	3.5%
51 – 64	4	2.0%
≥ 65	4	2.0%
Total number of employees	200	100%

3.2 Development and training

The Group considers the skills and knowledge of the employees as the key elements of sustainable development of the Group. Hence, the Group supports all employees for continuous learning and improving their knowledge and job skills in relation to food preparation and preservation, customer services and quality control in different aspects of the restaurant operation.

On-the-job training is provided for every newly employed staff, whether with previous experience or not, and for those being relocated to a new post, to ensure employees are familiar with the new working conditions, job requirements as well as all other safety and environmental conservation practices at the work place. Employees are also provided with the opportunities to participate in trainings offered by professional training institutions or experts.

The Group conducts regular reviews on its training strategies to enable its talents to develop themselves to their fullest potential.

(B) Social (Continued)

3. Employment and Labour Practices (Continued)

3.3 Health and safety

Ensuring the health and safety of the employees is one of the Group's prime responsibilities as employees are the most important asset and resource of the Group. To ensure safe working environment, the Group has established safety polices and guidelines which set out the safety procedures and promote safety at work sites stipulated by the relevant applicable laws and regulations.

Reinforcing employees' safety awareness is of crucial importance as prevention is always better than cure. All newly hired operational workers undergo safety training and receive guidance of acceptable personal hygiene measures. Training buddies are assigned to encourage and support newly joined employees to follow safety measures and to ensure that they are able to adapt to the new working environment smoothly. In case of accident, insurance is covered by the basic security package.

During the Year, the Group has not identified any material non-compliance with the relevant laws and regulations in relation to working environment and protection for employees from occupational hazards.

4. Operational Practices

4.1 Supply chain management

The Group aims not to be directly or indirectly involved in corrupt practices or complicit in human rights abuses. Hence, the Group requires its supply chain partners to uphold the Group's principles of ethical business conduct.

The Group arranges meetings with food suppliers and other service providers on a regular basis to ensure the provision of quality dining service to customers, and the food and beverages suppliers are carefully selected based on factors including food quality, food safety management, sources of ingredients, pricing and other terms, capacity and availability, track record and reputation, payment method and terms, delivery options and schedules, etc. The Group monitors the performance of suppliers from time to time to ensure that their food ingredients meet the stringent requirements on a consistent basis. For other suppliers, the Group selects based on quality, pricing, payment terms and availability, etc.

When purchasing the ingredients and food items, the Group arranges the head chefs to check and inspect before using in the restaurants. If any non-conformity found, the Group will return the ingredients or food items back to the suppliers.

The Group diversifies the source of key ingredients suppliers to ensure a continuous supply chain regardless of emergency cases.

(B) Social (Continued)

4. Operational Practices (Continued)

4.2 Product responsibility

With an aim to maintain good quality of food and service, the Group ensures that the food ingredients are safe, fresh and of good quality upon delivery, in storage and during processing. The Group selects suppliers carefully and maintains relationship only with qualified suppliers.

In addition to food ingredients procurement, the Group continuously improves the production process in order to further enhance the quality and safety of food products. The Group also performs regular identification of hazards, determination of critical control points and timely implementation of effective control and monitoring measures.

The head chefs and restaurant managers are responsible for the quality control at each of the restaurants. They are responsible for inspecting the food supplies and ingredients, overseeing the food preparation process and monitoring the dining environment and kitchen area. The Group's operational workers clean and sanitise each of the restaurants in accordance with the policies and procedures.

The Group believes the opinions from customers can drives its continuous improvement. Multiple feedback channels, including email and feedback form, have therefore been established to facilitate communication with customers and to satisfy customers' requirements. In the receipt of complaints, the Group will take prompt actions and carry out remedial actions.

During the Year, the Group was not aware of any non-compliance with relevant laws and regulations regarding product responsibility.

4.3 Anti-corruption

The Group attaches much importance to promoting integrity and honesty across all business units. The integral and ethical business conduct is maintained and encouraged by complying with the anti-corruption rules and regulations.

The employee handbook sets out internal control policies and procedures to govern the investigation and follow-up procedures of reported fraud incidents, and mandatory for the employees to report any action or behavior of bribery or misconduct. A grievance channel is well-developed.

During the Year, no material non-compliance issue was noted or reported to the relevant authorities in relation to any corruption or fraudulent activities.

5. Community Investment

The Group is constantly aware of the needs of community and takes up the corporate responsibility to contribute to the society, and will continue to organise and participate in a variety of charitable events in the coming future. The Group also strives to develop long-term relationships with the stakeholders and brings a positive impact on community development.

Deloitte. 德勤

To the Shareholders of K Group Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of K Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 71 to 131, which comprise the consolidated statement of financial position as at 30 September 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for restaurant operations	
We identified the revenue recognition for restaurant operations as a key audit matter due to its significance to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for revenue recognition for restaurant operations is disclosed in note 3 to the consolidated financial statements. During the year ended 30 September 2018, the revenue generated from restaurant operations is SGD14,798,000, as set out in note 5 to the consolidated financial statements.	Our procedures in relation to the revenue recognition for restaurant operations included: • Obtaining an understanding of the Group's revenue recognition policy and key controls for restaurant operations; • Evaluating the key controls over the revenue recognition process for restaurant operations; • Testing a selection of revenue transactions to the corresponding source documents for example, customer settlement slips, on a sample basis; and • Applying data analytics techniques to investigate any unusual patterns of revenue generated from restaurant operations, and obtaining and assessing the reasonableness of management's explanation for the unusual patterns identified.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of plant and equipment and intangible assets	
We identified the impairment of plant and equipment and intangible assets as a key audit matter due to significant management judgments involved in the impairment assessment. During the year ended 30 September 2018, certain restaurants of the Group incurred losses, which indicated that plant and equipment and intangible assets of those restaurants may be impaired. Determining whether plant and equipment and intangible assets were impaired required an estimation of the value in use of each cash-generating unit ("CGU") to which the plant and equipment and intangible assets belong. The value in use of each CGU was determined by the management based on the operating cash flows forecast of the individual CGU, which required the use of key assumptions including the budgeted revenue, budgeted gross margin and expected growth rate determined based on past performance and management's expectation for the future changes in the market, as well as a suitable discount rate.	Our procedures in relation to the impairment of plant and equipment and intangible assets included: • Understanding how management performs impairment assessment on plant and equipment and intangible assets; • Evaluating the reasonableness of the operating cash flows forecast and the key assumptions used, including evaluating the reasonableness of the budgeted revenue, budgeted gross margins, expected growth rate with reference to the past performance and management's expectation, and evaluating the suitability of the discount rate used; and • Evaluating the potential impact of the impairment assessment based on sensitivity analysis of the budgeted revenue.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wong Kit Sum.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 December 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 September 2018

	Notes	2018 SGD'000	2017 SGD'000
Revenue	5	**15,418**	13,851
Other income	7a	**282**	359
Other gains and losses	7b	**(316)**	22
Cost of inventories consumed		**(3,712)**	(3,506)
Staff costs		**(4,477)**	(3,203)
Depreciation and amortisation		**(838)**	(628)
Rental and related expenses		**(3,637)**	(2,858)
Utility expenses		**(362)**	(271)
Marketing and advertising expenses		**(333)**	(275)
Franchise and licensing fees		**(89)**	(182)
Other expenses		**(2,372)**	(1,326)
Listing expenses		**(3,257)**	–
Finance costs	8	**(108)**	(59)
Share of result of an associate	9	**–**	(120)
Gain on disposal of an associate	9	**–**	120
(Loss) profit before tax	10	**(3,801)**	1,924
Income tax expense	11	**(163)**	(356)
(Loss) profit for the year		**(3,964)**	1,568
Other comprehensive income (expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**6**	(4)
Total comprehensive (expense) income for the year		**(3,958)**	1,564
(Loss) profit for the year attributable to:			
Owners of the Company		**(3,841)**	1,610
Non-controlling interests		**(123)**	(42)
		(3,964)	1,568
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(3,838)**	1,608
Non-controlling interests		**(120)**	(44)
		(3,958)	1,564
(Loss) earnings per share	14		
Basic (SGD cents)		**(1.23)**	0.54

Consolidated Statement of Financial Position

At 30 September 2018

	Notes	2018 SGD'000	2017 SGD'000
Non-current Assets			
Plant and equipment	15	3,003	1,825
Intangible assets	16	1,197	573
Rental and other deposits	18	983	642
Deposits paid for acquisition of plant and equipment		256	–
		5,439	3,040
Current Assets			
Inventories	17	179	169
Trade and other receivables, deposits and prepayments	18	2,823	2,361
Amounts due from directors	19	326	215
Amounts due from related parties	22	23	–
Pledged bank deposit	20	–	67
Bank balances and cash	20	7,710	1,304
		11,061	4,116
Current Liabilities			
Trade and other payables and accruals	21	2,170	1,702
Provision for reinstatement costs	25	9	–
Amounts due to non-controlling interests	22	41	37
Amount due to a director	19	–	3
Tax liabilities		274	498
Borrowings	23	1,683	946
		4,177	3,186
Net Current Assets		6,884	930
Total Assets less Current Liabilities		12,323	3,970
Non-current Liabilities			
Provision for reinstatement costs	25	116	85
Deferred rental liability	21	38	78
Borrowings	23	234	119
Deferred taxation	24	69	30
		457	312
		11,866	3,658

	Notes	2018 SGD'000	2017 SGD'000
Capital and Reserves			
Share capital	26	**694**	1,751
Reserves		**11,189**	1,804
Equity attributable to the owners of the Company		**11,883**	3,555
Non-controlling interests	34	**(17)**	103
Total Equity		**11,866**	3,658

The consolidated financial statements on pages 71 to 131 were approved and authorised for issue by the board of directors on 28 December 2018 and are signed on its behalf by:

Lai Weijie, Terence
DIRECTOR

Ho Zhi Yi, Levi
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 September 2018

	Attributable to owners of the Company							
	Share capital SGD'000	Share premium SGD'000	Capital reserve SGD'000	Retained profits/ (accumulated loss) SGD'000	Translation reserve SGD'000	Sub-total SGD'000	Non-controlling interests SGD'000	Total SGD'000
At 30 September 2016	1,751	–	–	1,096	–	2,847	–	2,847
Profit (loss) for the year	–	–	–	1,610	–	1,610	(42)	1,568
Exchange differences arising on translation of foreign operations	–	–	–	–	(2)	(2)	(2)	(4)
Total comprehensive income (expense) for the year	–	–	–	1,610	(2)	1,608	(44)	1,564
Capital contributions from non-controlling interests	–	–	–	–	–	–	147	147
Dividend recognised as distribution *(Note 13)*	–	–	–	(900)	–	(900)	–	(900)
At 30 September 2017	1,751	–	–	1,806	(2)	3,555	103	3,658
Loss for the year	–	–	–	(3,841)	–	(3,841)	(123)	(3,964)
Exchange differences arising on translation of foreign operations	–	–	–	–	3	3	3	6
Total comprehensive (expense) income for the year	–	–	–	(3,841)	3	(3,838)	(120)	(3,958)
Issue of ordinary shares by K Food Holdings Pte. Ltd. ("**K Food Holdings**") *(Note 1(a))*	2,743	–	–	–	–	2,743	–	2,743
Issue of ordinary shares by K Investment Holdings Limited ("**K Investment**") *(Notes 1(d) and 1(g))*	27	–	–	–	–	27	–	27
Effect of reorganisation	(4,521)	–	4,507	–	–	(14)	–	(14)
Issue of shares by capitalisation of share premium account *(Note 26)*	520	(520)	–	–	–	–	–	–
Issue of shares upon listing *(Note 26)*	174	12,383	–	–	–	12,557	–	12,557
Transaction costs attributable to issue of new shares	–	(2,547)	–	–	–	(2,547)	–	(2,547)
Dividend recognised as distribution *(Note 13)*	–	–	–	(600)	–	(600)	–	(600)
At 30 September 2018	694	9,316	4,507	(2,635)	1	11,883	(17)	11,866

Consolidated Statement of Cash Flows

For the year ended 30 September 2018

	Notes	2018 SGD'000	2017 SGD'000
Operating activities			
(Loss) profit before tax		(3,801)	1,924
Adjustments for:			
Interest expense		108	59
Interest income		(1)	(1)
Depreciation of plant and equipment		788	597
Amortisation of intangible assets		50	31
Impairment loss of plant and equipment		122	–
Reversal of deferred rental liability		(23)	(22)
Provision for reinstatement costs		41	–
Share of result of an associate		–	120
Gain on disposal of an associate		–	(120)
Gain on disposal of intangible assets		–	(2)
Loss on written-off of plant and equipment		43	–
Operating cash flows before movements in working capital		(2,673)	2,586
(Increase) decrease in inventories		(10)	281
Increase in trade and other receivables, deposits and prepayments		(852)	(1,409)
Increase in trade and other payables and accruals		444	469
Cash (used in) generated from operations		(3,091)	1,927
Tax paid		(348)	(8)
Net cash (used in) from operating activities		(3,439)	1,919
Investing activities			
Purchase of plant and equipment		(2,074)	(845)
Additions to deposits paid for acquisition of plant and equipment		(256)	–
Purchase of intangible assets		(674)	(28)
Advance to directors		(496)	(6)
Cash paid for reinstatement costs		(50)	–
Advance to related companies		(10)	–
Proceeds from disposal of an associate	9	–	120
Capital injection to an associate	9	–	(120)
Placement of pledged bank deposit		–	(67)
Interest received		1	1
Proceeds from disposal of intangible assets	36(ii)	50	–
Withdrawal of pledged bank deposit		67	–
Repayment from directors		385	346
Net cash used in investing activities		(3,057)	(599)

	2018 SGD'000	2017 SGD'000
Financing activities		
Transaction costs attributable to issue of new shares	(2,547)	–
Dividend paid	(600)	(900)
Repayment to a director	(203)	–
Repayment of borrowings	(648)	(821)
Interest paid	(108)	(59)
Repayment to non-controlling interests	(12)	–
Repayment to a shareholder	–	(25)
Capital contributions from non-controlling interests	–	147
Advance from non-controlling interests	16	37
Advance from a director	200	3
New borrowings raised	1,500	1,334
Proceeds from issue of shares by K Food Holdings	2,743	–
Proceeds from issue of shares by the Company	12,557	–
Net cash from (used in) financing activities	12,898	(284)
Net increase in cash and cash equivalents	6,402	1,036
Cash and cash equivalents at beginning of the year	1,304	268
Effect of foreign exchange differences	4	–
Cash and cash equivalents at end of the year, represented by bank balances and cash	7,710	1,304

1. Group Restructuring and Basis of Preparation of Consolidated Financial Statements

K Group Holdings Limited (the "**Company**") was incorporated as an exempted company in the Cayman Islands with limited liability on 24 January 2018 and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 August 2018 (the "**Listing**"). Its parent and ultimate holding company is Canola Investment Holdings Limited ("**Canola**"). The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in Singapore is situated at 1 Grange Road, Orchard Building, #12–01, Republic of Singapore ("**Singapore**"), 239693.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in restaurant operations, sale of food and food ingredients and sub-franchising, licensing/sublicense businesses. The principal activities of its subsidiaries are set out in Note 33.

Prior to a corporate reorganisation, as more fully explained in section "History, Reorganisation and Corporate Structure" ("**Reorganisation**") of the prospectus dated 31 July 2018, 100% equity interest in K Food Holdings was directly held by Mr. Lai Weijie, Terence ("**Mr. Terence Lai**"), Mr. Yeap Wei Han, Melvyn ("**Mr. Yeap**"), Mr. Ho Zhi Yi, Levi ("**Mr. Ho**"), Mr. Tan Chien Fong ("**Mr. Tan**"), Mr. Ng Yook Tim ("**Mr. Ng**"), Mr. Lai Weikang, Derek ("**Mr. Derek Lai**"), Ms. Goh Siew Eng, Carolyn ("**Ms. Goh**"), Ms. Tan Yee Siew, Evelyn ("**Ms. Evelyn Tan**"), Ms. Kweh Hui Cheng ("**Ms. Kweh**"), Ms. Lim Gui Rong, Amy ("**Ms. Lim**") and Mr. Tan Yan Chyi, Louis ("**Mr. Louis Tan**") collectively. Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai (collectively known as the "**Controlling Shareholder(s)**") are acting in concert on their ownerships and exercise their control collectively over the companies now comprising the Group.

In preparation for the Listing, the Group underwent the Reorganisation which principally involved the following steps:

(a) On 15 November 2017, Mr. Tan Yit Hoe, Mr. Kong Kin Fei, Mr. Ricardo Juanito Karjono, Mr. Riva Alberto Karjono, Mrs. Saphira Devi Karjono, Mr. Rudi Darmawan, Mr. Ng Seng Kee, First Maple Capital Ltd, Mr. Peh Kian Ghee and Mr. Tai Shin Fatt (collectively known as the "**Purchasers**") entered into a subscription agreement with K Food Holdings, pursuant to which the Purchasers subscribed for an aggregate of 430,650 new ordinary shares, representing approximately 12.19% of the enlarged issued share capital of K Food Holdings at an aggregate consideration of SGD2,743,000 (the "**Subscription**"). Such transaction was completed on 17 November 2017.

(b) On 15 November 2017, Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng, Mr. Derek Lai, Ms. Goh, Ms. Evelyn Tan, Ms. Kweh, Ms. Lim and Mr. Louis Tan, each as a vendor, and the Purchasers entered into a sale and purchase agreement, pursuant to which the Purchasers further acquired an aggregate of 430,650 shares in K Food Holdings (together representing approximately 12.19% of the issued share capital of K Food Holdings as enlarged by the Subscription), at a total consideration of SGD2,743,000. Such transaction was completed on 15 November 2017.

(c) On 28 November 2017, Canola was incorporated in the British Virgins Islands ("**BVI**") with limited liability. Upon incorporation, Canola was authorised to issue a maximum of 50,000 shares of a single class each with a par value of United States Dollar ("**US$**") 1.00 each. On 28 November 2017, 10,000 ordinary shares of Canola was allotted and issued fully paid at par to the Controlling Shareholder(s).

(d) On 29 November 2017, K Investment was incorporated in the BVI with limited liability to act as the intermediate holding company of the Group. Upon incorporation, K Investment was authorised to issue a maximum of 50,000 ordinary shares of a single class each with a par value of US$1.00 each. On 29 November 2017, 10,000 ordinary share of K Investment was allotted and issued at par to Canola.

1. Group Restructuring and Basis of Preparation of Consolidated Financial Statements (Continued)

(e) On 28 December 2017, Canopy Investment Holdings Limited ("**Canopy**") was incorporated in the BVI with limited liability. Upon incorporation, Canopy was authorised to issue a maximum of 50,000 ordinary shares of a single class each with a par value of US$1.00 each. On 28 December 2017, 10,000 ordinary shares of Canopy was allotted and issued fully paid at par to Ms. Goh, Ms. Evelyn Tan, Ms. Kweh, Ms. Lim and Mr. Louis Tan.

(f) On 24 January 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability to act as the holding company of the companies now comprising the Group. The authorised share capital of the Company, on incorporation, was Hong Kong Dollar ("**HK$**") 380,000 divided into 38,000,000 shares of HK$0.01 each. On 24 January 2018, the Company allotted and issued one nil-paid share to the initial subscriber, which was subsequently transferred to Canola on the same date at nil consideration.

(g) On 8 February 2018, the Controlling Shareholder(s) transferred an aggregate of 2,555,588 shares, Ms. Goh, Ms. Evelyn Tan, Ms. Kweh, Ms. Lim and Mr. Louis Tan transferred an aggregate of 116,262 shares and the Purchasers transferred an aggregate of 861,300 shares in the issued share capital of K Food Holdings, representing approximately 72.33%, 3.29% and 24.38% respectively of its issued share capital, to K Investment in consideration of and in exchange for K Investment allotting and issuing an aggregate of 10,000 shares in K Investment to Canola as to 4,466 shares, Canopy as to 658 shares and the Purchasers as to an aggregate of 4,876 shares.

(h) On 24 July 2018, Canola, Canopy and the Purchasers, Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng, Mr. Derek Lai, Ms. Goh, Ms. Evelyn Tan, Ms. Kweh, Ms. Lim and Mr. Louis Tan and the Company entered into a share swap deed, pursuant to which the Company acquired 14,466,658 and 4,876 shares in K Investment from Canola, Canopy and the Purchasers, respectively in exchange the Company (a) issued and allotted 7,232 shares to Canola, 329 shares to Canopy and 2,438 shares to the Purchasers, credited as fully paid at par and (b) credited as fully paid at par the one nil-paid share which was then registered in the name of Canola.

Upon completion of the Reorganisation on 24 July 2018, the Company became the holding company of the companies now comprising the Group.

The Reorganisation involves interspersing of the Company and another investment holding company between K Food Holdings and its shareholders. Accordingly, the consolidated financial statements has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the year. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows includes the financial performance and cash flows of the companies comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the years ended 30 September 2018 and 2017, or since their respective date of incorporation, where this is a shorter period. The consolidated statement of financial position of the Group as at 30 September 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current structure upon completion of the Reorganisation had been in existence as at that date, taking into account the respective dates of incorporation.

The consolidated financial statements are presented in Singapore dollars ("**SGD**"). which is also the functional currency of the Company.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

The Group has consistently applied all the amendments to HKFRSs and Hong Kong Accounting Standards ("**HKASs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which are effective for the accounting period beginning on 1 October 2017 throughout both years.

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

Except for the new HKFRSs mentioned below, the management anticipates that the application of all other new and amendments to HKFRSs and the interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 September 2018, the management anticipates the following potential impact on initial application of HKRS 9:

Classification and measurement

- Debt instruments classified as loans and receivables carried at amortised cost as disclosed in notes 18, 19, 20 and 22 respectively: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9.

- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 9 "Financial Instruments" (Continued)

Impairment

In general, the management anticipates that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

In the opinion of the management, based on the historical experience of the Group, there was no default in outstanding balances from debtors in the past. The management anticipates that the application of HKFRS 9 would not have material impact on the Group's future consolidated financial statements. The above assessments were made based on an analysis of the Group's financial assets as at 30 September 2018 on the basis of the facts and circumstances that existed at that date. The Group intends to apply practical expedients prescribed in the standard upon the first adoption. It is also expected that the adoption of HKFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets based on an analysis of the Group's financial instruments as at 30 September 2018.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group intends to adopt the standard using the modified retrospective approach. Based on preliminary analysis, the management of the Company anticipates that the adoption of HKFRS 15 is unlikely to have significant impact on recognition of revenue but will result in more disclosures.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 16 "Leases" (Continued)

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability (as disclosed as hire purchase in the consolidated financial statements) for finance lease arrangement. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 September 2018, the Group has non-cancellable operating lease commitments of SGD7,722,000 as disclosed in Note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of SGD1,446,000 as at 30 September 2018 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payment and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. Significant Accounting Policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the entities now comprising the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. Significant Accounting Policies (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts and value-added taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Provision of catering services in restaurant operations is recognised when the catering services have been provided to customers.

Revenue from sales of food and food ingredients are recognised when the goods are delivered to customers and titles are passed.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period with the effect of any changes in estimate accounted for on a prospective basis.

Asset held under hire purchase is depreciated over its expected useful life on the same basis as owned asset. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, asset is depreciated over the shorter of the lease term and its useful life.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant Accounting Policies (Continued)

Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An interest in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the interest in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

3. Significant Accounting Policies (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Asset held under hire purchase is recognised as asset of the Group at its fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a hire purchase.

Lease payments are apportioned between finance expenses and reduction of the hire purchase obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. Significant Accounting Policies (Continued)

Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant Accounting Policies (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from directors and related parties, pledged bank deposit and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment on financial assets

Financial assets, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment on financial assets (Continued)

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30–60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to non-controlling interests and a director and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss) profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. Significant Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. SGD) using exchange rate prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Retirement benefit costs

Payments to defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. Significant Accounting Policies (Continued)

Share-based payments

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of the reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits (accumulated loss).

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management of the Group is required to make various estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

4. Key Sources of Estimation Uncertainty (Continued)

Estimated useful lives of plant and equipment

The Group depreciates the plant and equipment over their estimated useful lives, using straight-line method, for 3–6 years or shorter of the remaining lease term. The estimated useful lives that the Group depreciates the plant and equipment reflect the managements' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore depreciation and impairment losses in future years.

As at 30 September 2018, the carrying amount of plant and equipment is SGD3,003,000 (2017: SGD1,825,000).

Impairment of plant and equipment and intangible assets

During the year ended 30 September 2018, certain restaurants of the Group incurred losses, which indicated that plant and equipment and intangible assets of those restaurants may be impaired. Determining whether plant and equipment and intangible assets are impaired require an estimation of value in use of cash-generating unit ("**CGU**"). The amount of the impairment loss is measured as the difference between the asset's carrying amount and its recoverable amount. The recoverable amount is higher of value in use and fair values less costs to sell. Value in use is the estimated future cash flow discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The value in use calculation requires the Group to estimate the future cash inflows/outflows expected to arise from the CGU by considering the budgeted revenue, budgeted gross margin and expected growth rate which are based on past performance and management's expectations for the future changes in the market and taking into account a suitable discount rate to calculate the present value. Where the actual future cash flows are less than expected, or unfavourable changes in facts and circumstances which result in downward revision of estimated future cash flows for the purpose of determining the value in use, further impairment loss may arise.

As at 30 September 2018, the aggregate carrying amounts of the plant and equipment and intangible assets are SGD3,003,000 (2017: SGD1,825,000) and SGD1,197,000 (2017: SGD573,000), respectively. Other than the impairment loss on the plant and equipment of SGD122,000 (2017: Nil) was recognised in profit or loss during the year relating specifically to a closure of a restaurant as set out in Note 15, no impairment loss was recognised for either plant and equipment or intangible assets for both years arising from the above impairment assessment.

5. Revenue

	2018 SGD'000	2017 SGD'000
Restaurant operations	**14,798**	12,974
Sale of food and food ingredients	**222**	228
Royalty income	**398**	649
	15,418	13,851

6. Segment Information

The Group is principally engaged in restaurant operations, sale of food and food ingredients and sub-franchising, licensing/sub-licensing businesses. For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable and operating segment which is restaurant operations. The chief operating decision makers ("**CODMs**"), Mr. Terence Lai and Mr. Ho, review the results of the Group as a whole, as the CODMs consider that the sale of food and food ingredients and royalty income are relatively insignificant and are ancillary to the restaurant operations. Accordingly, no segmental analysis is presented.

Geographical information

The Group's restaurant operations are located in Singapore and Federation of Malaysia ("**Malaysia**"), sale of food and food ingredients are located in Singapore and Republic of Indonesia ("**Indonesia**") and sub-franchising, licensing/sub-licensing businesses are located in Singapore, Malaysia and Indonesia.

Information about the Group's revenue from external customers is presented based on the location of the customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2018 SGD'000	2017 SGD'000	2018 SGD'000	2017 SGD'000
Singapore	**14,473**	12,685	**3,992**	2,218
Malaysia	**708**	641	**250**	249
Indonesia	**237**	525	**–**	–
	15,418	13,851	**4,242**	2,467

Note: Non-current assets excluded intangible assets as these are unallocated.

Information about major customers

No customer contributed over 10% of total revenue of the Group for both years.

7. Other Income and Other Gains and Losses

7a. Other income

	2018 SGD'000	2017 SGD'000
Bank interest income	1	1
Rental income	168	252
Government grants*	79	92
Others	34	14
	282	359

* The amount represents rewards or subsidies which were received in Singapore. In the opinion of the management of the Group, there are no unfulfilled conditions or contingencies relating to these grants.

7b. Other gains and losses

	2018 SGD'000	2017 SGD'000
Exchange (loss) gain, net	(151)	20
Gain on disposal of intangible assets	–	2
Loss on written-off of plant and equipment	(43)	–
Impairment loss of plant and equipment	(122)	–
	(316)	22

8. Finance Costs

	2018 SGD'000	2017 SGD'000
Interest on bank loans	88	48
Interest on trust receipt loans	18	9
Interest on amount due to a shareholder	–	1
Interest on hire purchase	2	1
	108	59

9. Interest in an Associate

During the year ended 30 September 2017, the Group invested 30% equity interest in Arena Investment Holdings Pte. Ltd. (“**Arena**”), a company incorporated in Singapore and principally engaged in night club operation but has yet to commence its operation up to the date of disposal, at a cash consideration of SGD120,000 and accounted for the investment as an associate. In July 2017, the Group disposed all of its interest in Arena to a third party for a consideration of SGD120,000. Accordingly, a gain on disposal of SGD120,000 is recognised in the consolidated statement of profit or loss and other comprehensive income during the same year, which is calculated as follows:

	SGD'000
Interest in an associate, at cost	120
Less: share of loss of an associate	(120)
Carrying amount at the date of disposal	–
Consideration received	120
Less: carrying amount at the date of disposal	–
Gain on disposal	120

Up to the date of disposal, the cumulative unrecognised share of loss of an associate amounted to SGD61,000.

10. (Loss) Profit Before Tax

	2018 SGD'000	2017 SGD'000
(Loss) profit before tax has been arrived at after charging:		
Auditor's remuneration	**240**	40
Amortisation of intangible assets	**50**	31
Depreciation of plant and equipment	**788**	597
Directors' remuneration *(Note 12)*	**471**	264
Other staff costs		
– Salaries and allowances	**3,745**	2,754
– Retirement benefit contributions	**261**	185
	4,006	2,939
Total staff costs	**4,477**	3,203

11. Income Tax Expense

	2018 SGD'000	2017 SGD'000
Current tax		
– Singapore Corporate Income Tax	124	332
Deferred taxation *(Note 24)*	39	24
	163	356

Singapore Corporate Income Tax is calculated at 17% of the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Details of the deferred taxation are set out in Note 24.

The income tax expense for the year can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 SGD'000	2017 SGD'000
(Loss) profit before tax	(3,801)	1,924
Tax (credit) charge at the domestic income tax rate of 17% *(Note 1)*	(646)	327
Tax effect of share of result of an associate	–	20
Tax effect of expenses not deductible for tax purpose	861	53
Tax effect of income not taxable for tax purpose	–	(22)
Tax effect of tax losses not recognised	21	22
Utilisation of tax losses previously not recognised	(4)	–
Effect of tax concession *(Note 2)*	(69)	(44)
Income tax expense for the year	163	356

11. Income Tax Expense (Continued)

Notes:

1. The domestic tax rate which is Singapore Income Tax rate in the jurisdiction where the operation of the Group is substantially based is used.

2. In Singapore, the tax exemption scheme for new start-up companies allows for full tax exemption on the first SGD100,000 of normal chargeable income and a further 50% tax exemption on the next SGD200,000 of normal chargeable income for the first three consecutive year of assessment. From the fourth year of assessment and onwards 75% tax exemption on the first SGD10,000 of normal chargeable income and a further 50% tax exemption on the next SGD290,000 of normal chargeable income. Tax rebate refers to the Singapore Corporate Income Tax rebate which 40% corporate income tax rebate capped SGD15,000 of Corporate Income Tax for year of assessment 2018 and 20% corporate income tax rebate capped at SGD10,000 of Corporate Income Tax for year of assessment 2019.

12. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees

(a) Directors' and chief executive's emoluments

Details of the emoluments paid or payable to the individuals as the directors and the chief executive of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company) for the year are as follows:

	2018 SGD'000	2017 SGD'000
Directors' fee	**150**	–
Salaries and allowances	**276**	226
Retirement benefit contributions	**45**	38
	471	264

12. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	2018			
	Directors' fee SGD'000	Salaries and allowances SGD'000	Retirement benefit contributions SGD'000	Total SGD'000
Executive directors				
Mr. Terence Lai *(Notes i, ii)*	37	77	13	127
Mr. Yeap *(Note i)*	22	21	4	47
Mr. Ho *(Notes i, iii)*	37	120	18	175
Mr. Tan *(Note i)*	24	39	7	70
Sub-total	120	257	42	419
Non-executive director				
Mr. Ng *(Note i)*	15	19	3	37
Independent non-executive directors				
Mr. Choo Zheng Xi *(Note iv)*	5	–	–	5
Mr. Chow Wai San *(Note iv)*	5	–	–	5
Mr. Law Chun Lam, Nelson *(Note iv)*	5	–	–	5
Sub-total	15	–	–	15
Total				471

12. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	2017			
	Directors' fee SGD'000	Salaries and allowances SGD'000	Retirement benefit contributions SGD'000	Total SGD'000
Executive directors				
Mr. Terence Lai *(Notes i, ii)*	–	68	12	80
Mr. Yeap *(Note i)*	–	18	3	21
Mr. Ho *(Notes i, iii)*	–	86	14	100
Mr. Tan *(Note i)*	–	36	6	42
Sub-total	–	208	35	243
Non-executive director				
Mr. Ng *(Note i)*	–	18	3	21
Total				264

Notes:

(i) All of the above individuals were appointed as directors of the Company on 24 January 2018 and re-designated as executive or non-executive directors on 10 February 2018.

(ii) Mr. Terence Lai was appointed to be the chairman of the Group on 10 February 2018.

(iii) Mr. Ho was appointed to be the chief executive of the Group on 10 February 2018 and his emoluments disclosed above include those services rendered by him as the chief executive.

(iv) Mr. Choo Zheng Xi, Mr. Chow Wai San and Mr. Law Chung Lam, Nelson were appointed as independent non-executive directors of the Company on 23 July 2018.

(v) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown above were for his services as a director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

12. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (Continued)

(b) Five highest paid employees

The five highest paid employees of Group during the year included three directors (2017: two directors), details of whose emoluments are set out in (a) above. Details of the remuneration for the year of the remaining two (2017: three) individuals who are neither a director nor chief executive of the Company are as follows:

	2018 SGD'000	2017 SGD'000
Salaries, allowances and other benefits	222	204
Retirement benefit contributions	30	34
	252	238

The number of the highest paid employees who are not the directors of the Company whose remuneration fee within the following bands is as follows:

	2018 No. of employees	2017 No. of employees
Nil to HK$1,000,000	2	3

During the year, no emolument was paid by the Group to any of the director of the Company or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

13. Dividend

During the year ended 30 September 2017, K Food Holdings declared and paid dividend of aggregate amounts of SGD900,000 in respect of the year ended 30 September 2016 to its shareholders. During the year ended 30 September 2018, K Food Holdings declared and paid dividend of aggregate amounts of SGD600,000 in respect of the year ended 30 September 2017 to its shareholders.

No dividend has been paid or declared by the Company since its incorporation.

14. (Loss) Earnings Per Share

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2018 **SGD'000**	2017 SGD'000
(Loss) earnings:		
(Loss) earnings for the purpose of basic (loss) earnings per share attributable to owners of the Company	**(3,841)**	1,610
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**313,424,657**	300,000,000

The weighted average numbers of ordinary shares for the purpose of basic (loss) earnings per share are determined on the assumption that the Reorganisation and the capitalisation issue of 299,990,000 ordinary shares as described in Note 26 had been effective on 1 October 2016.

No diluted (loss) earnings per share for both 2018 and 2017 were presented as there were no potential ordinary shares in issue for both 2018 and 2017.

15. Plant and Equipment

	Computer and office equipment SGD'000	Furniture and fittings SGD'000	Kitchen equipment SGD'000	Leasehold improvements SGD'000	Motor vehicle SGD'000	Total SGD'000
COST						
At 1 October 2016	206	94	192	1,544	–	2,036
Additions	50	38	178	601	48	915
At 30 September 2017	256	132	370	2,145	48	2,951
Additions	88	91	149	1,795	–	2,123
Written off	(1)	(18)	(55)	(383)	–	(457)
Exchange realignment	–	–	4	5	–	9
At 30 September 2018	343	205	468	3,562	48	4,626
ACCUMULATED DEPRECIATION/IMPAIRMENT						
At 1 October 2016	65	12	29	423	–	529
Provided for the year	68	21	56	449	3	597
At 30 September 2017	133	33	85	872	3	1,126
Provided for the year	74	27	77	600	10	788
Impairment loss recognised	–	–	–	122	–	122
Eliminated on written off	(1)	(8)	(23)	(382)	–	(414)
Exchange realignment	–	–	1	–	–	1
At 30 September 2018	206	52	140	1,212	13	1,623
CARRY VALUES						
At 30 September 2018	137	153	328	2,350	35	3,003
At 30 September 2017	123	99	285	1,273	45	1,825

On 1 December 2018, the Group has not exercised the renewal option of a leased premise and has closed down the corresponding restaurant operation. Accordingly, a net amount of leasehold improvements amounting to SGD122,000, which was directly attributable to that restaurant, was recognised as impairment loss during the year ended 30 September 2018.

Included within the cost of leasehold improvements is provision for restaurants reinstatement costs of SGD125,000 (2017: SGD85,000) as at 30 September 2018 (Note 25).

Carrying amount of motor vehicle of SGD35,000 (2017: SGD45,000) was under hire purchase as at 30 September 2018.

15. Plant and Equipment (Continued)

The above items of plant and equipment are depreciated on a straight-line basis on the following basis:

Computer and office equipment	3 – 6 years
Furniture and fittings	6 years
Kitchen equipment	6 years
Leasehold improvements	Over the shorter of lease term or 3 – 6 years
Motor vehicle	5 years

16. Intangible Assets

	Franchise and licensing rights SGD'000
COST	
At 1 October 2016	661
Additions	28
Disposals	(51)
At 30 September 2017	638
Additions	674
At 30 September 2018	1,312
ACCUMULATED AMORTISATION	
At 1 October 2016	37
Provided for the year	31
Eliminated on disposals	(3)
At 30 September 2017	65
Provided for the year	50
At 30 September 2018	115
CARRYING VALUES	
At 30 September 2018	1,197
At 30 September 2017	573

The intangible assets represent the franchise rights acquired from independent third parties. The intangible assets have useful lives, based on contract terms, of 5–20 years (2017: 10–20 years) and are amortised on a straight-line basis over the estimated useful lives.

17. Inventories

	2018 SGD'000	2017 SGD'000
Food and beverage and consumables	**179**	169

18. Trade and Other Receivables, Deposits and Prepayments

	2018 SGD'000	2017 SGD'000
Trade receivables	**1,467**	1,380
Other receivables	**439**	129
Rental and other deposits	**1,578**	1,124
Prepayments	**322**	370
	3,806	3,003
Less: Rental and other deposits classified as non-current assets	**(983)**	(642)
Trade and other receivables, deposits and prepayments – current portion	**2,823**	2,361

As at 30 September 2018, included in trade receivables are amounts due from non-controlling interests of SGD192,000 (2017: SGD136,000), which are unsecured, interest-free and payable on presentation of invoices.

The Group's trading terms with its customers for restaurant operations are mainly on cash and credit card settlement. Generally, there is no credit period granted to customers, except for certain customers and franchisees/licensees in which credit period of 30–60 days is granted by the Group. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

18. Trade and Other Receivables, Deposits and Prepayments (Continued)

The following is an aging analysis of trade receivables presented based on the invoice date for restaurant operations and sale of food and food ingredients and based on the timing of accrual for royalty income in accordance with the relevant agreements:

	2018 SGD'000	2017 SGD'000
0 – 30 days	582	558
31 – 60 days	98	232
61 – 90 days	97	64
More than 90 days	690	526
	1,467	1,380

Aging of trade receivables based on due date which are past due but not impaired:

	2018 SGD'000	2017 SGD'000
1 – 30 days past due	122	232
31 – 60 days past due	98	64
61 – 90 days past due	57	41
More than 90 days past due	631	485
	908	822

No allowance for impairment loss has been made in respect of the above receivables that are past due as there has not been a significant change in credit quality as the amounts are still considered recoverable because of the good repayment records by the counterparties. At the date of this report, substantial amount of the total trade receivables which are past due but not impaired at 30 September 2018 has been subsequently settled.

The trade and other receivables are mainly denominated in SGD and Malaysian Ringgit ("**MYR**"), which are also the functional currencies of the respective entities in the Group.

19. Amounts Due from (to) Directors

	30 September		1 October	Maximum amount outstanding during the year	
	2018	2017	2016	**2018**	2017
	SGD'000	SGD'000	SGD'000	**SGD'000**	SGD'000
Amounts due from directors:					
Mr. Terence Lai	**326**	208	427	**349**	427
Mr. Tan	**–**	7	1	**8**	7
Mr. Yeap	**–**	–	127	**–**	127
Mr. Ho	**–**	–	–	**28**	–
	326	215	555		
Amount due to a director:					
Mr. Ho	**–**	3			

The balances of amounts due from directors as at 30 September 2017 were fully settled prior to the Listing. The amounts as at 30 September 2018 represent miscellaneous expenses recharged to the director. The amounts have been fully settled in December 2018. The above balances are non-trade in nature, unsecured, interest-free and repayable on demand.

20. Bank Balances and Cash and Pledged Bank Deposit

Pledged bank deposit carried fixed interest rate of 0.8% per annum as at 30 September 2017. Certain bank balances as at 31 September 2018 carry interest rates of 0.1% per annum and other bank balances are interest-free (2017: all interest-free).

Deposit amounting to SGD67,000 as at 30 September 2017 has been pledged to secure trust receipt loans to be settled within one year and is therefore classified as a current asset. The pledged bank deposit has been released upon the settlement of relevant trust receipt loans.

21. Trade and Other Payables and Accruals

	2018 SGD'000	2017 SGD'000
Trade payables	**451**	616
Goods and services tax payable	**246**	465
Salaries payable	**447**	301
Deferred rental liability	**168**	191
Accruals	**469**	187
Other payables	**427**	20
	2,208	1,780
Less: Deferred rental liability classified as non-current liabilities	**(38)**	(78)
	2,170	1,702

Trade payables and other payables are normally settled upon delivery or 15–30 days' terms.

The following is an aging analysis of trade payables presented based on the invoice date:

	2018 SGD'000	2017 SGD'000
0 – 30 days	**251**	561
31 – 60 days	**197**	12
61 – 90 days	**1**	43
More than 90 days	**2**	–
	451	616

22. Amounts Due from (to) Related Parties/Non-Controlling Interests

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

23. Borrowings

	2018 SGD'000	2017 SGD'000
Bank loans	**1,390**	694
Trust receipt loans	**500**	334
Hire purchase	**27**	37
	1,917	1,065
Secured	**505**	371
Unsecured	**1,412**	694
	1,917	1,065
The carrying amounts of the above borrowings are repayable:		
On demand or within one year	**1,683**	946
Within a period of more than one year but not exceeding two years	**176**	32
Within a period of more than two years but not exceeding five years	**58**	87
	1,917	1,065
Less: Amounts due within one year shown under current liabilities	**(1,683)**	(946)
Amounts shown under non-current liabilities	**234**	119

As at 30 September 2017, in respect of bank loans of SGD580,000, the Group breached certain financial covenants contained in the respective bank facilities, including (1) declaration and payment of dividends and (2) Reorganisation, and these amounts were therefore classified as repayable on demand accordingly. In the current year, the Group has obtained written consents from the relevant banks and these bank loans were then reclassified in accordance with the repayment schedules as at 30 September 2018.

23. Borrowings (Continued)

The Group's borrowings as at 30 September 2018 are secured and/or guaranteed by the followings:

(i) personal guarantees from certain directors of the Company;

(ii) a bank deposit of a director; and

(iii) a motor vehicle as disclosed in Note 15.

The Group's borrowings as at 30 September 2017 were secured and/or guaranteed by the followings:

(i) personal guarantees from certain directors of the Company;

(ii) a bank deposit as disclosed in Note 20; and

(iii) a motor vehicle as disclosed in Note 15.

The Group's borrowings carry interest at fixed rate ranging from 5.30% to 10.38% (2017: 6.76% to 10.98%) per annum as at 30 September 2018.

The Group's borrowings are denominated in SGD which is also the functional currency of the respective entities in the Group.

24. Deferred Taxation

The following is the major deferred tax liability recognised and movements thereon during the current and prior year:

	Accelerated tax depreciation SGD'000
At 1 October 2016	6
Charged to profit or loss	24
At 30 September 2017	30
Charged to profit or loss	39
At 30 September 2018	69

The Group has unrecognised tax losses arising in Singapore and Malaysia of SGD103,000 and SGD125,000 (2017: SGD124,000 and SGD4,000) as at 30 September 2018, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to, in the opinion of the management of the Group, unpredictability of future profit streams.

25. Provision for Reinstatement Costs

	2018 SGD'000	2017 SGD'000
At 1 October	**85**	54
Provision recognised	**90**	31
Utilisation	**(50)**	–
At 30 September	**125**	85
Analysed as:		
Current	**9**	–
Non-current	**116**	85
	125	85

Provision for reinstatement costs is recognised when the Group entered into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises at the end of respective lease periods. The premises shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements.

26. Share Capital

The paid-up capital as at 1 October 2016 and 30 September 2017 represented the paid-up capital of K Food Holdings. The share capital as at 30 September 2018 represented the issued and fully paid share capital of the Company and details of movements of authorised and issued capital of the Company up to 30 September 2018 are as follows:

	Number of shares	Share capital	Shown in the consolidated financial statements SGD'000
Ordinary shares of HK$0.01 each			
Authorised			
At the date of incorporation	38,000,000	HK$380,000	
Increases during the year *(Note i)*	3,962,000,000	HK$39,620,000	
At 30 September 2018	4,000,000,000	HK$40,000,000	
Issued and fully paid			
At the date of incorporation *(Note 1(f))*	1	–*	–*
Issue of ordinary shares *(Note 1(h))*	9,999	HK$100	–*
Capitalisation issue *(Note ii)*	299,990,000	HK$2,999,900	520
Issue of shares upon Listing *(Note iii)*	100,000,000	HK$1,000,000	174
At the end of year	400,000,000	HK$4,000,000	694

* Balance is below SGD1,000

Notes:

(i) Pursuant to the written resolution passed by the sole shareholder on 23 July 2018, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each by the creation of an additional 3,962,000,000 shares of HK$0.01 each, ranking pari passu with the existing then shares.

(ii) Pursuant to the written resolution passed by the sole shareholder on 23 July 2018, the directors of the Company were authorised to capitalise an amount of HK$2,999,900 standing to the credit of the share premium account of the Company and to appropriate such amount as capital to pay up in full at par 299,990,000 shares for allotment.

(iii) During the year ended 30 September 2018, the Company issued 100,000,000 ordinary shares of par value HK$0.01 each pursuant to the Listing at the price of HK$0.72 per ordinary share.

27. Share Option Schemes

Pursuant to a resolution passed on 23 July 2018 by the board of directors of the Company, a share option scheme (the "**Share Option Scheme**") was adopted.

The purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons for their contribution or potential contribution to the Group.

The board of directors of the Company may, at its discretion, offer to grant an option to subscribe for such number of new shares as the board of directors of the Company may determine at an exercise price at a price which shall be at least the highest of: (i) the closing price of the shares on the date of grant of the option; (ii) the average closing prices of the shares for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

The Share Option Scheme will remain in force for a period of ten years commencing on the 23 July 2018 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders in general meeting.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

Save as determined by the board of directors and provided in the offer of the grant of the relevant options, there is no minimum period for which an option must be held before it can be exercised.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme established by the Company, if any, is 40,000,000, representing 10% of the issued share capital of the Company upon Listing. The total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme, if any, shall not exceed 30% of the issued share capital of the Company from time to time.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

28. Operating Leases

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of rented premises under non-cancellable operating leases which fall due as follows:

	2018 SGD'000	2017 SGD'000
Within one year	3,500	2,207
In the second to fifth year inclusive	4,222	1,623
	7,722	3,830

Leases are negotiated with monthly rental for an average of 3 years (2017: 3 years) as at 30 September 2018.

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain premises leased by the Group. In general, these contingent rents are calculated based on the relevant restaurants' turnover pursuant to the terms and conditions as set out in the respective rental agreements. It is not possible to estimate in advance the amount of such contingent rent payable.

During the year ended 30 September 2018, the amount of contingent rental recognised as expenses was SGD133,000 (2017: SGD103,000), respectively, and the amount of basic rent recognised as expenses was SGD3,475,000 (2017: SGD2,721,000), respectively in respect of rented premises.

28. Operating Leases (Continued)

The Group as lessor

Property rental income earned during the year ended 30 September 2018 were SGD168,000 (2017: SGD252,000), respectively. Part of the Group's rented premise has been sub-let for rental purposes. The premise has a committed tenant for 3 years.

At the end of the reporting period, the Group had contracted with a tenant for the following future minimum lease payments.

	2018 SGD'000	2017 SGD'000
Within one year	–	252
In the second to fifth year inclusive	–	126
	–	378

29. Capital Commitments

	2018 SGD'000	2017 SGD'000
Capital expenditure in respect of the leasehold improvements contracted for but not provided	328	–

30. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debts, which includes amounts due to non-controlling interests disclosed in Note 22, amount due to a director disclosed in Note 19, borrowings disclosed in Note 23, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

31. Financial Instruments

a. Categories of financial instruments

	2018 SGD'000	2017 SGD'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**9,965**	3,095
Financial liabilities		
Amortised cost	**2,809**	1,704

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposit, bank balances and cash, trade and other payables, amounts due from (to) directors/related parties/non-controlling interests and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to a fixed-rate pledged bank deposit and borrowings, while the Group is exposed to cash flow in interest rate risk in relation to bank balances. The management does not expect that bank balances to have significant cash flow interest rate risk as the bank deposit rates do not fluctuate significantly. The Group has not used any interest rate swaps to mitigate its exposure associated with fluctuations relating to interest rate risk. However, the management monitors interest rate exposure and will consider necessary actions when significant interest rate exposure is anticipated.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk.

Currency risk

The Group's operations are mainly denominated in SGD and MYR with a small extent in other foreign currencies. As the Group does not have significant foreign currency transactions and balances, foreign currency sensitivity analysis is not presented.

31. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

As at 30 September 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group trades with a large number of individual customer from restaurant operations and trading terms are mainly on cash and credit card settlement. In view of the Group's restaurant operations, the Group does not have significant concentration of credit risk exposure to any single individual customer.

The Group's concentration of credit risk is primarily attributable to its customers from sale of food and food ingredients and sub-franchising, licensing/sub-licensing operations. As at 30 September 2018, the Group has concentration of credit risk as 46% (2017: 47%) of the total trade receivables was due from the Group's largest debtor respectively. The management reviews the recoverable amount of each individual receivable regularly to ensure that follow up actions is taken to recover overdue debts and adequate impairment losses, if any, are recognised for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group also has concentration of credit risks from amounts due from directors and related parties. The management of the Company considers the credit risk of the amounts due from these directors and related parties are limited because they continuously monitor the quality and financial conditions of the directors and related parties.

The management considers that the credit risk on liquid funds is low as counterparties are banks with high credit ratings assigned by international credit-rating agencies.

31. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

The following table details the Group's contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The aggregate carrying amounts of bank loans of SGD580,000 (with aggregate undiscounted cash flows of SGD675,000) constituted an event of default as at 30 September 2017 are included in the "6 months or less or on demand" time band in the below maturity analysis. For the remaining financial liabilities, the tables include both interest and principal cash flows. The undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	6 months or less or on demand SGD'000	6–12 months SGD'000	1–2 years SGD'000	2–5 years SGD'000	Total undiscounted cash flows SGD'000	Carrying amounts SGD'000
At 30 September 2018							
Trade and other payables	N/A	878	–	–	–	878	878
Amounts due to non-controlling interests	N/A	41	–	–	–	41	41
Borrowings – Fixed rate	7.39%	1,594	117	187	61	1,959	1,917
		2,513	117	187	61	2,878	2,836
At 30 September 2017							
Trade and other payables	N/A	636	–	–	–	636	636
Amounts due to non-controlling interests	N/A	37	–	–	–	37	37
Amount due to a director	N/A	3	–	–	–	3	3
Borrowings – Fixed rate	8.28%	941	21	41	97	1,100	1,065
		1,617	21	41	97	1,776	1,741

31. Financial Instruments (Continued)

c. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

32. Related Party Disclosure

Apart from the outstanding balances as disclosed in Notes 18, 19, 22, personal guarantees from certain directors and a deposit of a director to secure the borrowings of the Group as disclosed in Note 23, the Group has entered into the following transactions with related parties during the year:

Name of related party	Nature of transaction	2018 SGD'000	2017 SGD'000
Mr. Terence Lai	Rental income	168	252
	Miscellaneous income	6	10
Non-controlling interests	Royalty income	192	328
Ms. Goh	Interest expense	–	1

Mr. Terence Lai and Mr. Ho provided joint and several guarantees to fully guarantee the due observance and compliance of a tenancy agreement to the landlord for both years.

Compensation of key management personnel

The directors of the Company were considered to be the key management personnel of the Group. The remuneration of the directors of the Company is set out in Note 12.

33. Particulars of Subsidiaries

The Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Class of shares held	Issued and fully paid capital	As at 30 September 2018	2017	Principal activities
Directly held:						
K Investment	BVI 29 November 2017	Ordinary	US$20,000	100%	N/A	Investment holding
Indirectly held:						
K Food Holdings	Singapore 18 October 2014	Ordinary	SGD4,493,760 (2017: SGD1,751,252)	100%	100%	Investment holding operating restaurants in Singapore, sale of food and food ingredients in Singapore and sub-franchising, licensing/ sublicense businesses in Singapore, Malaysia and Indonesia
Kogane Yama Restaurants Pte. Ltd.	Singapore 3 January 2017	Ordinary	SGD203,000	60%	60%	Operating restaurants in Singapore
Gangnam Kitchen Pte. Ltd.	Singapore 18 January 2017	Ordinary	SGD3,000	100%	100%	Operating central kitchen and catering service in Singapore
K Food Master Holdings Sdn. Bhd.	Malaysia 6 September 2016	Ordinary	MYR500,000	60%	60%	Investment holding
After School Pte. Ltd.	Singapore 1 November 2017	Ordinary	SGD100	100%	N/A	Inactive
Nipong Naepong Singapore Pte. Ltd.	Singapore 1 November 2017	Ordinary	SGD100	100%	N/A	Operating restaurants in Singapore
NY Night Market Pte. Ltd.	Singapore 18 December 2017	Ordinary	SGD150,000	100%	N/A	Operating a restaurant in Singapore
NY Night Market (313) Pte. Ltd.	Singapore 18 June 2018	Ordinary	SGD300,000	100%	N/A	Operating a restaurant in Singapore
K Food Restaurants Sdn. Bhd.	Malaysia 6 September 2016	Ordinary	MYR1,000,000	60%	60%	Operating a restaurant in Malaysia

All subsidiaries comprising the Group are limited liability companies and have adopted 30 September as their financial year end date.

None of the subsidiaries had issued any debt securities at 30 September 2018 and 2017.

34. Non-Controlling Interests

Details of non-wholly owned subsidiaries that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Other comprehensive income (expense) allocated to non-controlling interests		Accumulated non-controlling interests	
		2018	2017	**2018 SGD'000**	2017 SGD'000	**2018 SGD'000**	2017 SGD'000	**2018 SGD'000**	2017 SGD'000
Kogane Yama Restaurants Pte. Ltd.*	Singapore	**40%**	40%	**(55)**	(40)	**-**	–	**(14)**	41
K Food Master Holdings Sdn. Bhd.*	Malaysia	**40%**	40%	**(68)**	(2)	**3**	(2)	**(3)**	62
				(123)	(42)	**3**	(2)	**(17)**	103

* All these subsidiaries commenced their business during the year ended 30 September 2017.

Summarised financial information in respect of the subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Kogane Yama Restaurants Pte. Ltd.

	2018 SGD'000	2017 SGD'000
Current assets	**188**	195
Non-current assets	**394**	59
Current liabilities	**588**	142
Non-current liabilities	**29**	10
Equity attributable to owner of the Company	**(21)**	61
Non-controlling interest	**(14)**	41

34. Non-Controlling Interests (Continued)

Kogane Yama Restaurants Pte. Ltd. (Continued)

	2018 SGD'000	2017 SGD'000
Income	1,431	292
Expenses	(1,568)	(393)
Loss and total comprehensive expense for the year	(137)	(101)
Loss and total comprehensive expense attributable to owner of the Company	(82)	(61)
Loss and total comprehensive expense attributable to non-controlling interest	(55)	(40)
Loss and total comprehensive expense for the year	(137)	(101)
Net cash outflow from operating activities	(12)	(2)
Net cash outflow from investing activities	(394)	(147)
Net cash inflow from financing activities	460	247
Net cash (outflow) inflow	54	98

K Food Master Holdings Sdn. Bhd. and subsidiary

	2018 SGD'000	2017 SGD'000
Current assets	74	134
Non-current assets	250	249
Current liabilities	332	227
Non-current liabilities	–	–
Equity attributable to owner of the Company	(5)	94
Non-controlling interest	(3)	62

34. Non-Controlling Interests (Continued)

K Food Master Holdings Sdn. Bhd. and subsidiary (Continued)

	2018 SGD'000	2017 SGD'000
Income	628	482
Expenses	(798)	(486)
Loss for the year	(170)	(4)
Other comprehensive income (expense) for the year	6	(4)
Loss attributable to owner of the Company	(102)	(2)
Loss attributable to non-controlling interest	(68)	(2)
Loss for the year	(170)	(4)
Other comprehensive income (expense) attributable to owner of the Company	3	(2)
Other comprehensive income (expense) attributable to non-controlling interest	3	(2)
Other comprehensive income (expense) for the year	6	(4)
Total comprehensive expense attributable to owner of the Company	(99)	(4)
Total comprehensive expense attributable to non-controlling interest	(65)	(4)
Total comprehensive expense for the year	(164)	(8)
Net cash outflow from operating activities	(52)	(67)
Net cash outflow from investing activities	–	(235)
Net cash inflow from financing activities	45	333
Net cash (outflow) inflow	(7)	31

35. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	As at 1 October 2017 SGD'000	Financing cash flows SGD'000	Non-cash changes SGD'000 *(Note i)*	As at 30 September 2018 SGD'000
Accrued issue costs attributable to issue of new shares	–	(2,547)	2,547	–
Dividend payable	–	(600)	600	–
Amounts due to non-controlling interests	37	4	–	41
Amount due to a director	3	(3)	–	–
Borrowings	1,065	744	108	1,917
Total liabilities from financing activities	1,105	(2,402)	3,255	1,958

	As at 1 October 2016 SGD'000	Financing cash flows SGD'000	Non-cash changes SGD'000 *(Note i)*	As at 30 September 2017 SGD'000
Dividend payable	–	(900)	900	–
Amount due to a shareholder	25	(26)	1	–
Amounts due to non-controlling interests	–	37	–	37
Amount due to a director	–	3	–	3
Borrowings	513	455	97	1,065
Total liabilities from financing activities	538	(431)	998	1,105

Note i: Non-cash changes represent transaction costs attributable to issue of new shares, dividend declared, addition of plant and equipment through hire purchase and finance costs recognised (Note 8).

36. Major Non-Cash Transactions

(i) Addition to a motor vehicle of SGD39,000 for the year ended 30 September 2017 was made under the hire purchase.

(ii) Proceeds from disposal of intangible assets of SGD50,000 for the year ended 30 September 2017 has not been received and is included in trade and other receivables, deposits and prepayments as at 30 September 2017.

37. Retirement Benefits Schemes

For the Group's operations in Singapore and Malaysia, the employees of the Group are members of state-managed retirement benefits plan operated by the respective government authorities. The relevant subsidiaries are required to contribute a specific percentage of the payroll costs to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total amounts contributed by the Group to the schemes and cost charged to the profit or loss represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

The contribution paid and payable to the schemes by the Group are disclosed in Notes 10 and 12.

38. Statement of Financial Position of the Company

	2018 SGD'000
Non-current Assets	
Investment in a subsidiary	27
Amount due from a subsidiary	3,065
	3,092
Current Assets	
Prepayments	58
Amounts due from directors	305
Amounts due from related companies	10
Bank balances and cash	2,846
	3,219
Current Liabilities	
Other payables and accruals	240
Amount due to a subsidiary	22
	262
Net Current Assets	2,957
	6,049
Capital and Reserves	
Share capital *(Note 26)*	694
Reserves	5,355
Total Equity	6,049

38. Statement of Financial Position of the Company (Continued)

Movement in the Company's reserves:

	Share premium SGD'000	Accumulated loss SGD'000	Total SGD'000
At 24 January 2018 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(3,961)	(3,961)
Issue of shares by capitalisation of share premium account	(520)	–	(520)
Issue of shares upon listing	12,383	–	12,383
Transaction costs attributable to issue of new shares	(2,547)	–	(2,547)
At 30 September 2018	9,316	(3,961)	5,355

39. Subsequent Events

Saved as disclosed elsewhere in the consolidated financial statements, there is no other significant events took place subsequent to the end of the reporting period.

Financial Summary

	Year ended 30 September		
	2018	2017	2016
	SGD'000	SGD'000	SGD'000
Revenue	**15,418**	13,851	9,219
(Loss) profit before tax	**(3,801)**	1,924	1,309
Income tax expense	**(163)**	(356)	(180)
(Loss) profit for the year	**(3,964)**	1,568	1,129
Other comprehensive income (expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations	**6**	(4)	–
Total comprehensive (expense) income for the year	**(3,958)**	1,564	1,129
(Loss) profit for the year attributable to:			
– Owners of the Company	**(3,841)**	1,610	1,129
– Non-controlling interests	**(123)**	(42)	–
	(3,964)	1,568	1,129
Total comprehensive (expense) income attributable to:			
– Owners of the Company	**(3,838)**	1,608	1,129
– Non-controlling interests	**(120)**	(44)	–
	(3,958)	1,564	1,129

	As at 30 September		
	2018	2017	2016
	SGD'000	SGD'000	SGD'000
Total assets	**16,500**	7,156	4,948
Total liabilities	**(4,634)**	(3,498)	(2,101)
	11,866	3,658	2,847
Equity attributable to:			
– Owners of the Company	**11,883**	3,555	2,847
– Non-controlling interests	**(17)**	103	–
	11,866	3,658	2,847

The summary of the consolidated results of the Group for the Year and the consolidated assets and liabilities of the Group as at 30 September 2018 have been extracted from this annual report.

The summary of the combined results of the Group for the two years ended 30 September 2016 and 2017 and the combined assets and liabilities of the Group as at 30 September 2016 and 2017 have been extracted from the Prospectus. Such summary is presented on the basis as set out in the Prospectus.

The summary above does not form part of the audited consolidated financial statements.