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K GROUP HOLDINGS LIMITED

千盛集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8475)

**ANNOUNCEMENT OF FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31 DECEMBER 2018**

The board of directors (the “**Directors**”) of K Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated financial results of the Group for the three months ended 31 December 2018. This announcement, containing the full text of the 2018/19 first quarterly report of the Company (the “**2018/19 First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM**” and the “**GEM Listing Rules**”, respectively) in relation to the information to accompany preliminary announcement of quarterly results. The printed version of the 2018/19 First Quarterly Report containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.kgroup.com.hk in due course in the manner as required by the GEM Listing Rules.

For and on behalf of
K Group Holdings Limited
Lai Weijie, Terence
Chairman and Executive Director

Singapore, 11 February 2019

As at the date of this announcement, the executive Directors are Mr. Lai Weijie, Terence (Chairman), Mr. Ho Zhi Yi, Levi (Chief Executive Officer), Mr. Yeap Wei Han, Melvyn (Chief Financial Officer) and Mr. Tan Chien Fong; the non-executive Director is Mr. Ng Yook Tim and the independent non-executive Directors are Mr. Chow Wai San, Mr. Law Chung Lam, Nelson and Mr. Choo Zheng Xi.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.kgroup.com.hk.



KGroup Holdings Limited 千盛集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8475

- 2019 First Quarterly Report -



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE” AND THE “GEM”, RESPECTIVELY)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors of K Group Holdings Limited (the “**Company**” and the “**Directors**”, respectively) 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, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



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FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 31 December 2018 (the “**Period**” and the “**Unaudited Condensed Consolidated Financial Statements**”, respectively) together with comparative unaudited figures for the corresponding period in 2017 (the “**Last Corresponding Period**”) as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Three months ended | |
|------------------------------------|--------------|---------------------------|-------------|
| | | 31 December | |
| | | 2018 | 2017 |
| | | (unaudited) | (unaudited) |
| | <i>Notes</i> | SGD'000 | SGD'000 |
| Revenue | 3 | 3,731 | 3,765 |
| Other income | 4 | 13 | 66 |
| Other gains and losses, net | 4 | (7) | (1) |
| Cost of inventories consumed | | (985) | (846) |
| Staff costs | | (1,279) | (894) |
| Depreciation and amortisation | | (267) | (171) |
| Rental and related expenses | | (957) | (780) |
| Utility expenses | | (114) | (82) |
| Marketing and advertising expenses | | (114) | (57) |
| Franchise and licensing fees | | (26) | (50) |
| Other expenses | | (618) | (839) |
| Listing expenses | | - | (505) |
| Finance costs | | (50) | (21) |
| Loss before tax | 5 | (673) | (415) |
| Income tax expense | 6 | (7) | (25) |
| Loss for the period | | (680) | (440) |
| Loss per share | 8 | | |
| Basic (SGD cents) | | 0.20 | 0.14 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Three months ended | |
|--|---------------------------|-------------|
| | 31 December | |
| | 2018 | 2017 |
| | (unaudited) | (unaudited) |
| | SGD'000 | SGD'000 |
| Other comprehensive income (expense) | | |
| <i>Item that may be subsequently reclassified to profit or loss:</i> | | |
| Exchange differences arising on translation of foreign operations | 1 | (1) |
| Total comprehensive expense for the period | (679) | (441) |
| Loss for the period attributable to: | | |
| Owners of the Company | (617) | (417) |
| Non-controlling interests | (63) | (23) |
| | (680) | (440) |
| Total comprehensive expense attributable to: | | |
| Owners of the Company | (616) | (418) |
| Non-controlling interests | (63) | (23) |
| | (679) | (441) |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | | Total SGD'000 |
|--|---------------------------------------|-----------------------------|-------------------------------|--|-----------------------------------|----------------------|---|------------------|
| | Share capital SGD'000 | Share premium SGD'000 | Capital reserve SGD'000 | Retained profits/ accumulated losses SGD'000 | Translation reserve SGD'000 | Sub-total SGD'000 | Non- controlling interests SGD'000 | |
| As at 1 October 2018 (audited) | 694 | 9,316 | 4,507 | (2,635) | 1 | 11,883 | (17) | 11,866 |
| Loss for the period | - | - | - | (617) | - | (617) | (63) | (680) |
| Exchange differences arising on translation of foreign operations | - | - | - | - | 1 | 1 | - | 1 |
| Total comprehensive (expense) income for the period | - | - | - | (617) | 1 | (616) | (63) | (679) |
| As at 31 December 2018 (unaudited) | 694 | 9,316 | 4,507 | (3,252) | 2 | 11,267 | (80) | 11,187 |
| As at 1 October 2017 (audited) | 1,751 | - | - | 1,806 | (2) | 3,555 | 103 | 3,658 |
| Loss for the period | - | - | - | (417) | - | (417) | (23) | (440) |
| Exchange differences arising on translation of foreign operations | - | - | - | - | (1) | (1) | - | (1) |
| Total comprehensive expense for the period | - | - | - | (417) | (1) | (418) | (23) | (441) |
| Issuance of ordinary shares by K Food Holdings Pte. Ltd. (" K Food Holdings ") | 2,743 | - | - | - | - | 2,743 | - | 2,743 |
| Dividend recognised as distribution (Note 7) | - | - | - | (600) | - | (600) | - | (600) |
| As at 31 December 2017 (unaudited) | 4,494 | - | - | 789 | (3) | 5,280 | 80 | 5,360 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 24 January 2018 and its issued shares (the “**Shares**”) were initially listed on GEM on 13 August 2018 (the “**Listing Date**” and the “**Listing**”, respectively). Its parent and ultimate holding company is Canola Investment Holdings Limited (“**Canola**”). The registered office of the Company is situated at the offices of Estera Trust (Cayman) Limited, 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. Its subsidiaries are principally engaged in restaurant operations, sale of food and food ingredients and sub-franchising, licensing/sublicense businesses.

No statutory financial statements have been prepared for the Company as it is incorporated in a jurisdiction where there is no statutory audit requirement.

2. BASIS OF PREPARATION AND PRESENTATION

The Unaudited Condensed Consolidated Financial Statements together with the comparative unaudited figures for the Last Corresponding Period (the “**Financial Information**”) have been prepared in accordance with the accounting policies which conform with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of these Unaudited Condensed Consolidated Financial Statements are consistent with those adopted in the preparation of audited consolidated financial statements included in the Company’s 2017/18 annual report dated 28 December 2018 (the “**Annual Report**”), except for the adoption of the new and revised HKFRSs (the “**New and Revised HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA that are adopted for the first time for the Unaudited Condensed Consolidated Financial Statements.

The adoption of the New and Revised HKFRSs has had no significant effect on the Unaudited Condensed Consolidated Financial Statements and there have been no significant changes to the accounting policies applied in the Unaudited Condensed Consolidated Financial Statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

These Unaudited Condensed Consolidated Financial Statements have been prepared on the historical cost basis.

The Financial Information is presented in Singapore dollars ("**SGD**") which is also the functional currency of the Company.

The Unaudited Condensed Consolidated Financial Statements have not been audited by the Company's independent auditor (the "**Independent Auditor**"), but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

3. REVENUE

| | Three months ended | |
|------------------------------------|--------------------|-------------|
| | 31 December | |
| | 2018 | 2017 |
| | (unaudited) | (unaudited) |
| | SGD'000 | SGD'000 |
| Restaurant operations | 3,637 | 3,389 |
| Sales of food and food ingredients | 32 | 305 |
| Royalty income | 62 | 71 |
| | 3,731 | 3,765 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

4a. Other income

| | Three months ended | |
|-----------------|--------------------|-------------|
| | 31 December | |
| | 2018 | 2017 |
| | (unaudited) | (unaudited) |
| | SGD'000 | SGD'000 |
| Interest income | 1 | – |
| Rental income | – | 63 |
| Others | 12 | 3 |
| | 13 | 66 |

4b. Other gains and losses, net

| | Three months ended | |
|--------------------|--------------------|-------------|
| | 31 December | |
| | 2018 | 2017 |
| | (unaudited) | (unaudited) |
| | SGD'000 | SGD'000 |
| Exchange loss, net | (7) | (1) |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. LOSS BEFORE TAX

| | Three months ended | |
|---|--------------------|-------------|
| | 31 December | |
| | 2018 | 2017 |
| | (unaudited) | (unaudited) |
| | SGD'000 | SGD'000 |
| Loss before tax has been arrived at after charging: | | |
| Auditor's remuneration | 45 | 60 |
| Amortisation of intangible assets | 16 | 8 |
| Depreciation of property, plant and equipment | 251 | 163 |
| Directors' remuneration | 136 | 69 |
| Other staff costs | | |
| – Salaries and allowances | 1,076 | 773 |
| – Retirement benefit contributions | 67 | 52 |
| | 1,143 | 825 |

6. INCOME TAX EXPENSE

| | Three months ended | |
|----------------------------------|--------------------|-------------|
| | 31 December | |
| | 2018 | 2017 |
| | (unaudited) | (unaudited) |
| | SGD'000 | SGD'000 |
| Current tax | | |
| – Singapore Corporate Income Tax | 5 | 23 |
| Deferred taxation | 2 | 2 |
| | 7 | 25 |

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. DIVIDEND

During the Last Corresponding Period, K Food Holdings, presently an indirect wholly-owned subsidiary of the Company, declared and paid dividends in an aggregate amount of SGD600,000 in respect of the year ended 30 September 2017 to its then shareholders. The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

No dividend has been paid or declared by the Company since its incorporation. The Board has resolved not to declare the payment of a dividend for the Period (31 December 2017: Nil).

8. LOSS PER SHARE

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

| | For the three months ended 31 December | |
|--|---|-------------|
| | 2018 | 2017 |
| | (Unaudited) | (Unaudited) |
| | SGD'000 | SGD'000 |
| Loss: | | |
| Loss for the purpose of basic loss per share attributable to owners of the Company | (617) | (417) |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of basic loss per share | 313,424,657 | 300,000,000 |

The weighted average numbers of ordinary shares for the purpose of basic loss per share are determined on the assumption that the reorganisation of the Group in preparation for the Listing and the capitalisation issue of 299,990,000 ordinary Shares as described in note 26 of the Annual Report had been effective on 1 October 2016.

No diluted loss per share for the respective periods were presented as there were no potential dilutive ordinary shares in issue for both 2018 and 2017.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group is headquartered in 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 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 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.

As at the date of this report, the Group had 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.



MANAGEMENT DISCUSSION AND ANALYSIS

The restaurant and catering market in Singapore, Malaysia and Indonesia are intensely competitive. However, the management believes that the Group possesses the following key strengths which contributed to its continuous 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 substantial dining experience; and (iv) a passionate and dynamic management team.

Looking forward, the Group intends to become a leading restaurant operator in Singapore and 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.

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 majority of the revenue was derived from the operations of self-operated restaurants in Singapore and Malaysia. For the Period, the revenue generated from restaurant operations amounted to approximately SGD3.6 million, representing an increase of approximately 7.3% over that of approximately SGD3.4 million for the Last Corresponding Period. The increase was mainly attributable to the commencement of operation of (i) 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)**"), (ii) two self-operated restaurants under the brand "Nipong Naepong" which are located at #01-16 JEM, 50 Jurong Gateway Road, Singapore 608549 and #B3-03, 313@Somerset, 313 Orchard Road, Singapore 238895 ("**Nipong Naepong (JEM)**" and "**Nipong Naepong (313)**", respectively) and (iii) two self-operated restaurants under the brand "NY Night Market" which are located at #01-08 Westgate, 3 Gateway Drive, Singapore 608532 ("**NY Night Market (Westgate)**") and #01-29 313@Somerset, 313 Orchard Road, Singapore 238895 ("**NY Night Market (313)**") during the Period. The increase in revenue was slightly offset by the cessation of operation of two self-operated restaurants under the brand "Chir Chir" which were located at Bedok North, 799 New Upper Changi Road, #02-05/06, Singapore 467351 ("**Chir Chir (BP)**") and #01-43 Chinatown Point, 133 New Bridge Road, Singapore 059413 ("**Chir Chir (CP)**") on 20 January 2018 and 1 December 2018, respectively and the decline in the number of customer visits due to 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.



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from sales of food and food ingredients mainly represented revenue from (i) sales of food through the operation of Gangnam Kitchen which provides catering and delivery services of Korean food to customers in Singapore; and (ii) sales of food ingredients to the Indonesian Licensee. The revenue from sales of food and food ingredients decreased from approximately SGD305,000 for the Last Corresponding Period to approximately SGD32,000 for the Period. The decrease was mainly due to the cessation of providing catering service for sale of food to a club.

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 respective business partnership arrangements and sub-license arrangements which the Group has entered into. The revenue from royalty income decreased from approximately SGD71,000 for the Last Corresponding Period to approximately SGD62,000 for the Period, representing a decrease of approximately 12.7% as compared to the Last Corresponding Period.

The decrease was mainly attributable to the absence of new store opening fee received from the Indonesian Licensee for the opening of stores under “Chir Chir” for the Period, which were received during the Last Corresponding Period.

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 consumed increased from approximately SGD846,000 for the Last Corresponding Period to approximately SGD985,000 for the Period, representing an increase of approximately 16% as compared to the Last Corresponding Period. The Group believes that the increase in cost of inventories consumed, which was not in proportion with the Group’s revenue changes, was primarily due to the full operation of NY Night Market (Westgate) , Nipong Naepong (JEM) and Nipong Naepong (313) for the Period, where the brands of NY Night Market and Nipong Naepong required sourcing of sauce from the Korean franchisor that require higher costs.

Staff costs

Staff costs increased from approximately SGD0.9 million for the Last Corresponding Period to approximately SGD1.3 million for the Period, representing an increase of approximately 43.1% as compared to the Last Corresponding Period. The increase was mainly attributable to an increase in headcount of staff in view of the expansion of the Group’s network of five self-operated restaurants and the Listing.



MANAGEMENT DISCUSSION AND ANALYSIS

Rental and related expenses

Rental and related expenses increased from approximately SGD780,000 for the Last Corresponding Period to approximately SGD957,000 for the Period, representing an increase of approximately 22.7% as compared to the Last Corresponding Period. The increase in rental and related expenses was mainly attributable to the expansion of the Group's network of five self-operated restaurants during the Period.

Listing expenses

The Listing expenses primarily consisted of fees paid or payable to professional parties and underwriting fees and commission. During the Last Corresponding Period, the Group recognised non-recurring Listing expenses of approximately SGD505,000 as expenses in connection with the Listing and no such expenses were recognised for the Period.

Finance costs

The finance costs increased from approximately SGD21,000 for the Last Corresponding Period to approximately SGD50,000 for the Period, representing an increase of approximately 138.1% as compared to the Last Corresponding Period. The increase was mainly due to a penalty which was being imposed arising from early repayment of a bank loan as disclosed in the prospectus of the Company dated 31 July 2018 (the "**Prospectus**").

Loss for the period

The Group recognised a loss of approximately SGD0.7 million for the Period. The loss was mainly attributable to an increase in staff cost and the increase in rental and related expenses as explained above.

Contingent liabilities and pledge of assets

As at 31 December 2018, the Group did not have any significant contingent liabilities and pledge of assets.

Significant investments held

As at 31 December 2018, the Group did not have any significant investment held.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 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) (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, 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. Lai Weijie, Terence ("Mr. Terence Lai") (Note 2) | Interest of a controlled corporation/interest held jointly with another person | 216,990,000 | 54.25% |
| Mr. Yeap Wei Han, Melvyn ("Mr. Yeap") (Note 2) | Interest held jointly with another person | 216,990,000 | 54.25% |
| Mr. Ho Zhi Yi, Levi ("Mr. Ho") (Note 2) | Interest held jointly with another person | 216,990,000 | 54.25% |
| Mr. Tan Chien Fong ("Mr. Tan") (Note 2) | Interest held jointly with another person | 216,990,000 | 54.25% |
| Mr. Ng Yook Tim ("Mr. Ng") (Note 2) | Interest held jointly with another person | 216,990,000 | 54.25% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

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. Lai Weikang, Derek (“**Mr. Derek Lai**”). On 10 February 2018, Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai (collectively the “**Controlling Shareholders**”) 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, if any, interested divided by the number of issued Shares of 400,000,000 as at 31 December 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 of the Company (the “**Shareholder**”) and is an associated corporation within the meaning of Part XV of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 31 December 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) to be recorded in the register referred to therein pursuant to section 352 of the SFO; 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 31 December 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 as 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 | 20,001,791 | 5.00% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 all 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 31 December 2018.

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) | Percentage/ 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 31 December 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the 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.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the section “Directors’ and Chief Executive’s Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, at no time during the Period 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.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”) as rules governing securities transactions by the Directors. 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 during the Period.

CORPORATE GOVERNANCE CODE

The Board considers that the Company has adopted and has complied with all the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules during the Period.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESSES

During the Period, none of the Directors or the Controlling Shareholders or their respective close associates had any business or interest in a business which competes or may compete with the business of the Group and any other conflicts of interest which any such person or entity had or might have with the Group.



CORPORATE GOVERNANCE AND OTHER INFORMATION

INTEREST 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 31 December 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.

AUDIT COMMITTEE

The Audit Committee 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 CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises all the three independent non-executive Directors (the “**INEDs**”), namely Mr. Chow Wai San (“**Mr. Chow**”), Mr. Law Chung Lam, Nelson and Mr. Choo Zheng Xi, and the non-executive Director (the “**NED**”) Mr. Ng. Mr. Chow is the chairman of the Audit Committee. The principal duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of the Independent Auditor, review and supervise the financial reporting process and internal control system of the Group, and review the Group’s financial information and the relationship with the Independent Auditor.

The Audit Committee has reviewed the Unaudited Condensed Consolidated Financial Statements and this report and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

APPRECIATIONS

On behalf of the Board, I would like to extend our sincere thanks to our Shareholders, business partners and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to all the Directors, management and staff for their hard work and dedication throughout the Period.

By Order of the Board
K Group Holdings Limited
Lai Weijie, Terence
Chairman and Executive Director

Singapore , 11 February 2019

As at the date of this report, the executive Directors are Mr. Lai Weijie, Terence (Chairman), Mr. Ho Zhi Yi, Levi (Chief Executive Officer), Mr. Yeap Wei Han, Melvyn (Chief Financial Officer) and Mr. Tan Chien Fong; the NED is Mr. Ng Yook Tim; and the INEDs are Mr. Chow Wai San, Mr. Law Chung Lam, Nelson and Mr. Choo Zheng Xi.