



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 Interim 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors” and each a “Director”) of K Group Holdings Limited (the “Company” and 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, 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.



CONTENTS

	Page
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Unaudited Condensed Consolidated Statement of Financial Position	5
Unaudited Condensed Consolidated Statement of Changes In Equity	7
Unaudited Condensed Consolidated Statement of Cash Flows	8
Notes to the Unaudited Condensed Consolidated Financial Statements	9
Management Discussion and Analysis	19
Corporate Governance and Other Information	27

INTERIM RESULTS

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated financial statements of the Group for the three months and six months ended 31 March 2019 (the “**Period**” and the “**Unaudited Condensed Consolidated Financial Statements**”, respectively) together with comparative unaudited figures for the corresponding period in 2018 (the “**Last Corresponding Period**”) and certain audited figures as at 30 September 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 MARCH 2019

	Notes	Three months ended 31 March		Six months ended 31 March	
		2019 (unaudited) SGD'000	2018 (unaudited) SGD'000	2019 (unaudited) SGD'000	2018 (unaudited) SGD'000
Revenue	4	3,525	3,586	7,256	7,351
Other income	5	34	117	47	183
Other gains and losses, net	5	(22)	(6)	(29)	(7)
Cost of inventories consumed		(881)	(622)	(1,866)	(1,468)
Staff costs		(1,240)	(997)	(2,519)	(1,891)
Depreciation and amortisation		(289)	(168)	(556)	(339)
Rental and related expenses		(1,019)	(947)	(1,976)	(1,727)
Utility expenses		(104)	(72)	(218)	(154)
Marketing and advertising expenses		(118)	(50)	(232)	(107)
Franchise and licensing fees		(48)	(6)	(74)	(56)
Other expenses		(543)	(174)	(1,161)	(1,013)
Listing expenses		-	(1,518)	-	(2,023)
Finance costs	6	(24)	(29)	(74)	(50)
Loss before tax	7	(729)	(886)	(1,402)	(1,301)
Income tax expense	8	(5)	(103)	(12)	(128)
Loss for the period		(734)	(989)	(1,414)	(1,429)
Loss per share	10				
Basic (SGD cents)		0.2	0.3	0.4	0.4

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 MARCH 2019

	Three months ended		Six months ended	
	31 March		31 March	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	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)	11	-	10
Total comprehensive expense for the period	(735)	(978)	(1,414)	(1,419)
Loss for the period attributable to:				
Owners of the Company	(760)	(953)	(1,377)	(1,370)
Non-controlling interests	26	(36)	(37)	(59)
	(734)	(989)	(1,414)	(1,429)
Total comprehensive expense attributable to:				
Owners of the Company	(761)	(945)	(1,377)	(1,363)
Non-controlling interests	26	(33)	(37)	(56)
	(735)	(978)	(1,414)	(1,419)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		31 March 2019 (unaudited) SGD'000	30 September 2018 (audited) SGD'000
	<i>Notes</i>		
Non-current Assets			
Plant and equipment	11	3,976	3,003
Intangible assets		1,163	1,197
Rental and other deposits		866	983
Deposits paid for acquisition of plant and equipment		-	256
		6,005	5,439
Current Assets			
Inventories		197	179
Trade receivables	12	904	1,467
Other receivables, deposits and prepayments		1,840	1,356
Amounts due from directors		326	326
Amounts due from related parties		23	23
Bank balances and cash		5,496	7,710
		8,786	11,061
Current Liabilities			
Trade payables	13	452	451
Other payables and accruals		2,363	1,719
Provision for reinstatement costs		-	9
Amounts due to non-controlling interests		72	41
Tax liabilities		75	274
Borrowings		931	1,683
		3,893	4,177
Net Current Assets		4,893	6,884
Total Assets less Current Liabilities		10,898	12,323

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		31 March	30 September
		2019	2018
		(unaudited)	(audited)
	<i>Note</i>	SGD'000	SGD'000
Non-current Liabilities			
Provision for reinstatement costs		112	116
Deferred rental liability		119	38
Borrowings		141	234
Deferred taxation		74	69
		446	457
		10,452	11,866
Capital and Reserves			
Share capital	14	694	694
Reserves		9,812	11,189
Equity attributable to the owners of the Company		10,506	11,883
Non-controlling interests		(54)	(17)
Total Equity		10,452	11,866

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2019

	Attributable to owners of the Company								Total SGD'000
	Share capital SGD'000	Other reserve 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 and total comprehensive expenses for the period	-	-	-	-	(1,377)	-	(1,377)	(37)	(1,414)
As at 31 March 2019 (unaudited)	694	-	9,316	4,507	(4,012)	1	10,506	(54)	10,452
As at 1 October 2017 (audited)	1,751	-	-	-	1,806	(2)	3,555	103	3,658
Loss for the period	-	-	-	-	(1,370)	-	(1,370)	(59)	(1,429)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	7	7	3	10
Total comprehensive (expense) income for the period	-	-	-	-	(1,370)	7	(1,363)	(56)	(1,419)
Dividend recognised as distribution (Note 9)	-	-	-	-	(600)	-	(600)	-	(600)
Issuance of ordinary shares by K Food Holdings Pte. Ltd. (" K Food Holdings ")	2,743	-	-	-	-	-	2,743	-	2,743
Issuance of ordinary shares by K Investment Holdings Limited (" K Investment ")	13	-	-	-	-	-	13	-	13
Transfer arising from the Reorganisation (Note)	(4,481)	4,481	-	-	-	-	-	-	-
As at 31 March 2018 (unaudited)	26	4,481	-	-	(164)	5	4,348	47	4,395

Note:

In preparation for the initial listing of the ordinary shares of the Company (the "**Shares**") on GEM (the "**Listing**"), the Group had undergone and completed a reorganisation (the "**Reorganisation**") whereupon the Company became the holding company and the listing vehicle of the Group and the subsidiaries were transferred to the Company. Details of the Reorganisation are set out in the section headed "Group Restructuring and Basis of Preparation of Consolidation Financial Statements" as described in note 1 of the annual report of the Company for the year ended 30 September 2018 (the "**Annual Report**").

The other reserve represents the difference between the nominal value of the share capital issued by K Investment for the acquisition of all the interests in K Food Holdings and the value of issued share capital of K Food Holdings.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2019

	31 March 2019 (unaudited) SGD'000	31 March 2018 (unaudited) SGD'000
Net cash used in operating activities	(88)	(116)
Net cash used in investing activities	(1,238)	(1,590)
Net cash (used in)/from financing activities	(888)	1,596
Net decrease in cash and cash equivalents	(2,214)	(110)
Cash and cash equivalents at the beginning of the period	7,710	1,304
Effect of foreign exchange rate changes, net	-	2
Cash and cash equivalents at the end of the period	5,496	1,196



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 Shares in issue have been listed on GEM since 13 August 2018 (the “**Listing Date**”). 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 the Republic of Singapore (“**Singapore**”) is situated at 1 Grange Road, Orchard Building, #12-01, 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 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

2. BASIS OF PREPARATION AND PRESENTATION (Continued)

The Group has not applied any 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 on 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. 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 (the "**CODMs**"), Mr. Lai Weijie, Terence ("**Mr. Terence Lai**"), an executive Director and the chairman of the Board, and Mr. Ho Zhi Yi, Levi ("**Mr. Ho**"), an executive Director and the Chief Executive Officer, 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE

	Three months ended		Six months ended	
	31 March		31 March	
	2019 (unaudited) SGD'000	2018 (unaudited) SGD'000	2019 (unaudited) SGD'000	2018 (unaudited) SGD'000
Restaurant operations	3,424	3,440	7,061	6,829
Sales of food and food ingredients	38	15	70	320
Royalty income	63	131	125	202
	3,525	3,586	7,256	7,351

The following table presents revenue from external customers for the three months and six months ended 31 March 2019 and 2018 by geographic area:

	Three months ended		Six months ended	
	31 March		31 March	
	2019 (unaudited) SGD'000	2018 (unaudited) SGD'000	2019 (unaudited) SGD'000	2018 (unaudited) SGD'000
Revenue from external customers				
Singapore	3,368	3,340	6,907	7,122
Malaysia	142	163	320	184
Indonesia	15	83	29	45
	3,525	3,586	7,256	7,351

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

5a. Other income

	Three months ended		Six months ended	
	31 March		31 March	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Interest income	-	-	1	-
Rental income	-	63	-	126
Government grants	27	52	27	52
Others	7	2	19	5
	34	117	47	183

5b. Other gains and losses, net

	Three months ended		Six months ended	
	31 March		31 March	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Exchange loss, net	22	6	29	7

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	Three months ended		Six months ended	
	31 March		31 March	
	2019 (unaudited) SGD'000	2018 (unaudited) SGD'000	2019 (unaudited) SGD'000	2018 (unaudited) SGD'000
Interest on bank loans	14	23	27	37
Interest on early redemption of a bank loan	-	-	32	-
Interest on trust receipt loans	9	6	13	12
Interest on hire purchase	1	-	2	1
	24	29	74	50

7. LOSS BEFORE TAX

	Three months ended		Six months ended	
	31 March		31 March	
	2019 (unaudited) SGD'000	2018 (unaudited) SGD'000	2019 (unaudited) SGD'000	2018 (unaudited) SGD'000
Loss before tax has been arrived at after charging:				
Auditor's remuneration	20	24	65	84
Amortisation of intangible assets	19	14	34	22
Depreciation of plant and equipment	270	154	522	317
Directors' remuneration	283	76	419	145
Other staff costs				
– Salaries and allowances	893	867	1,969	1,640
– Retirement benefit contributions	64	54	131	106
	957	921	2,100	1,746

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	31 March		31 March	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Current tax				
– Singapore Corporate Income Tax				
Deferred taxation				
	5	96	5	119
	5	7	7	9
	5	103	12	128

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.

9. 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 March 2018: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. LOSS PER SHARE

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

Three months ended 31 March		Six months ended 31 March	
2019	2018	2019	2018
(unaudited)	(unaudited)	(unaudited)	(unaudited)
SGD	SGD	SGD	SGD

Loss:

Loss for the purpose of basic loss
per share attributable to owners of
the Company

0.002	0.003	0.004	0.004
--------------	-------	--------------	-------

Number of shares:

Weighted average number of
ordinary shares for the purpose of
basic loss per share

313,424,657	300,000,000	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 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 2019 and 2018.

11. PLANT AND EQUIPMENT

During the six months ended 31 March 2019, the Group acquired plant and equipment of approximately SGD1,407,000 (2018: SGD1,213,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE RECEIVABLES

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 to whom a 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.

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 the timing of accrual for royalty income in accordance with the relevant agreements:

	As at 31 March 2019 (unaudited) SGD'000	As at 30 September 2018 (audited) SGD'000
0 – 30 days	545	582
31 – 60 days	120	98
61 – 90 days	1	97
More than 90 days	238	690
	904	1,467

13. TRADE PAYABLES

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

	As at 31 March 2019 (unaudited) SGD'000	As at 30 September 2018 (audited) SGD'000
0 – 30 days	437	251
31 – 60 days	11	197
61 – 90 days	1	1
More than 90 days	3	2
	452	451

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL

	Number of shares	Share Capital HK\$
Ordinary shares of HK\$0.01 each		
Authorised		
At the date of incorporation	38,000,000	380,000
Increases during the year (Note i)	3,962,000,000	39,620,000
As at 31 March 2019 and 30 September 2018	4,000,000,000	40,000,000
Issued and fully paid		
At the date of incorporation (Note ii)	1	—*
Issue of ordinary shares (Note iii)	9,999	100
Capitalisation issue (Note iv)	299,990,000	2,999,900
Issue of shares upon Listing (Note v)	100,000,000	1,000,000
At at 31 March 2019 and 30 September 2018	400,000,000	4,000,000

* 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 Hong Kong Dollars (“HK\$”) 380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 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 then existing shares.
- (ii) 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 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. SHARE CAPITAL (Continued)

Notes: (Continued)

- (iii) On 24 July 2018, Canola, Canopy Investment Holdings Limited ("**Canopy**") and Mr. Terence Lai, Mr. Yeap Wei Han, Melvyn ("**Mr. Yeap**"), 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. Tan Yee Siew, Evelyn, Ms. Kweh Hui Cheng, Ms. Lim Gui Rong, Amy and Mr. Tan Yang Chyi, Louis (collectively the "**Purchasers**") 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 and 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.
- (iv) Pursuant to the written resolution passed by the sole shareholder on 23 July 2018, the Directors 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.
- (v) 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.

15. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these unaudited condensed consolidated financial statements, the Group carried out the following material transaction with its related parties:

	Six months ended 31 March	
	2019	2018
	(unaudited)	(unaudited)
	SGD'000	SGD'000
Royalty income from:		
Non-controlling interests	96	96



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 14 self-operated restaurants and one central kitchen in total, including:

- three self-operated restaurants in Singapore and two 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;
- one self-operated restaurant in Singapore under the self-developed brand "Sora Boru" which is a fast-casual restaurant offering Japanese one bowl meal and donburi; 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Brand	Chir Chir	Masizzim	Kogane	Nipong	NY Night	Sora Boru	Total
			Yama	Naepong	Market		
As at 30 September 2018	5	2	2	2	1	–	12
Additions (Note 1)	–	–	–	–	1	1	2
Closure (Note 2)	(1)	–	–	–	–	–	(1)
As at 31 March 2019	4	2	2	2	2	1	13
Addition (Note 3)	1	–	–	–	–	–	1
As at the date of this report	5	2	2	2	2	1	14

Notes:

1. 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. A self-operated restaurant under the brand "Sora Boru" which is located at 313@Somerset 313 Orchard Road, #B3-19/20 Singapore 238895 commenced operation on 13 March 2019.
2. 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 premises but to search for some more attractive locations in Singapore.
3. A self-operated restaurant under the brand "Chir Chir" which is located at The Mega Mall Southkey, LG-054 Jalan Tok Siak, Kampung Tok Siak, 81100 Johor Bahru, Johor, Malaysia commenced operation on 29 April 2019.

The central kitchen of the Group had been relocated in mid March 2019 to a bigger premises whereby the Directors considered that the relocation of the central kitchen could increase the efficiency for the operations of outlets by centralising some of the food preparation works with less manpower required and reducing food wastage. It would reduce the overall costs, including cost of inventories consumed, staff cost, storage cost, freight and handling cost.

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 SGD7.1 million, representing an increase of approximately 4.4% over that of approximately SGD6.8 million for the Last Corresponding Period. The increase was mainly attributable to (i) the full period operation of Kogane Yama (JEM), Nipong Naepong (JEM), Nipong Nepong (313), NY Night Market (Westgate) and (ii) the commencement of operation of a self-operated restaurant (a) under the brand "NY Night Market" which is located at #01-29 313@Somerset, 313 Orchard Road, Singapore 238895 ("**NY Night Market (313)**") and (b) under the self-operated new brand "Sora Boru" which is located at #B3-19/20 313@Somerset, 313 Orchard Road, Singapore 238895 ("**Sora Boru (313)**"). The increase in revenue was slightly offset by the cessation of operation of 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)**") on 1 December 2018.



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 SGD320,000 for the Last Corresponding Period to approximately SGD70,000 for the Period. The decrease was mainly due to the cessation of providing catering service for sale of food to a club in Singapore.

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 SGD202,000 for the Last Corresponding Period to approximately SGD125,000 for the Period, representing a decrease of approximately 38.1% as compared to that of the Last Corresponding Period. The decrease was attributable to the absence of store open fee received from the Indonesia Licensee for the opening of store under "Chir Chir", which was 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 SGD1.5 million for the Last Corresponding Period to approximately SGD1.9 million for the Period, representing an increase of approximately 26.7% as compared to that of 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 SGD1.9 million for the Last Corresponding Period to approximately SGD2.5 million for the Period, representing an increase of approximately 31.6% as compared to that of 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 two new self-operated restaurants and the full operation of restaurants which were newly operated in the Last Corresponding Period.



MANAGEMENT DISCUSSION AND ANALYSIS

Rental and related expenses

Rental and related expenses increased from approximately SGD1.7 million for the Last Corresponding Period to approximately SGD2.0 million for the Period, representing an increase of approximately 17.6% as compared to those of the Last Corresponding Period. The increase in rental and related expenses was mainly attributable to the expansion of the Group's network of two new self-operated restaurants and the full operation of restaurants which were newly operated in the Last Corresponding Period.

Listing expenses

The Listing expenses primarily consisted of fees paid or payable to professional parties and underwriting fee and commission in relation to the Listing. During the Last Corresponding Period, the Group recognised non-recurring Listing expenses of approximately SGD2.0 million and no such expenses were recognised for the Period.

Finance costs

The finance costs increased from approximately SGD50,000 for the Last Corresponding Period to approximately SGD74,000 for the Period, representing an increase of approximately 48.0% as compared to those of the Last Corresponding Period. The increase was mainly due to a penalty imposed arising from the 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 SGD1.4 million for the Period, which was stable as compared to that of approximately SGD1.4 million for the Last Corresponding Period. Other than the factors discussed above, the loss was also attributed by the increases in depreciation and amortisation cost and advertising and marketing cost.

Capital Structure

The Shares were successfully listed on GEM 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 issued share capital and reserves.

Liquidity and Financial Resources

The Group financed its operations through cash generated from the operating activities and bank borrowings and the net proceeds from the Listing (the "**Net Proceeds**").

The Group recorded net current assets of approximately SGD4.9 million as at 31 March 2019 (30 September 2018: SGD6.9 million). Upon the completion of the Share Offer (as defined in the Prospectus), the Group had raised Net Proceeds of approximately HK\$38.7 million.



MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2019, the Group's current ratio was 2.3 (30 September 2018: 2.6). Current ratio is calculated based on the total current assets at the end of a period divided by the total current liabilities at the end of the period. As at 31 March 2019, the Group's gearing ratio was 10.9% (30 September 2018: 16.5%). Gearing ratio is calculated based on total debt at the end of a period divided by total equity at the end of the period and multiplied by 100%. Total debt refers to all borrowings of the Group, which included amounts due to non-controlling interests, bank loans, trust receipt loans and hire purchase. The decrease in the Group's gearing ratio was mainly due to the decrease in bank borrowing arising from the repayment of one of the bank loans and trust receipt loans during the Period.

As at 31 March 2019, the Group's total borrowings amounted to approximately SGD1,072,000 (30 September 2018: SGD1,917,000) which included bank loans, trust receipt loans and hire purchase of approximately SGD766,000 (30 September 2018: SGD1,390,000), SGD286,000 (30 September 2018: SGD500,000) and SGD20,000 (30 September 2018: SGD27,000), respectively. The Group's borrowings are denominated in SGD and carry interests at fixed rates ranging from 5.30% to 10.38% (30 September 2018: 5.30% to 10.38%) per annum as at 31 March 2019.

Foreign Currency Exposure Risks

The Group mainly operates in Singapore, Malaysia and Indonesia with most of the transactions settled in SGD and Malaysian Ringgits 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

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 Period, except for investment in subsidiaries, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures.

Capital Commitments

As at 31 March 2019, the Group had capital commitments of approximately SGD754,000 (30 September 2018: SGD328,000) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent liabilities and pledge of assets

As at 31 March 2019, the Group did not have any significant contingent liabilities and pledge of assets.

Use of Proceeds

The Net Proceeds from the Share Offer (as defined in the Prospectus), after deduction of the underwriting commission and actual expenses paid by the Company in connection therewith, were approximately HK\$38.7 million. The Company intends to apply the Net Proceeds in the same proportion and in the same manner as shown in the Prospectus.

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

	Net Proceeds allocated HK\$'000	Approximate % of Net Proceeds %	Amount utilised as at 31 March 2019 HK\$'000	Balance as at 31 March 2019 HK\$'000	Notes
(i) Growing the business by procuring new franchised brands	2,520	6.5	2,018	502	1
(ii) Developing more restaurant brands and strengthening the regional presence	22,470	58.1	7,080	15,390	2
(iii) Strengthening the marketing efforts	2,520	6.5	392	2,128	3
(iv) Enhancing operational efficiency by expanding the workforce	2,540	6.6	–	2,540	4
(v) Enhancing operational efficiency by upgrading the information technology system	1,860	4.8	794	1,066	5
(vi) Repayment of outstanding bank borrowings	5,300	13.7	4,019	1,281	6
Sub-total	37,210		14,303	22,907	
(vii) General working capital	1,470	3.8	–	1,470	
Total	38,680	100.0	14,303	24,377	



MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

The breakdown 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.

The expected timeframe on the use of unutilised Net Proceeds will be in line with that disclosed in the Prospectus. Third Nipong Naepong shop had not been opened by 31 March 2019 due to no suitable location having been found whereas management had opened a new shop with a new self-developed brand at a good location.

- (1) The Group identified and procured a new franchised brand "Bokkabollae" with a tenure of 20 years, which offers famous Korean food.*
- (2) The Group has developed 2 new brands, namely "Sora Sushi" and "Sora Boru". Sora Sushi is designed to bridge the gap between high-end Omakase restaurants and family restaurants which offer all-day casual dining. Sora Boru is an original Japanese fast-casual eatery which offers Japanese one bowl meal and donburi.*

The third shop with the franchise brand NY Night Market is expected to commence its operation in June 2019 in Vivo City.

The Group continuously identifies suitable locations fulfilling our expected scale of operations.

- (3) The Group has launched different promotion campaigns with various well-known media partners.*
- (4) New research and development and operational managerial staff had been recruited. Further, the central kitchen had been relocated to a bigger premises to increase the efficiency for the operations for all outlets as well as to reduce the overall cost.*
- (5) The Group has acquired new enterprise resource planning, accounting and human resource management system and all the restaurants' point of sale are under the upgrading process.*
- (6) Early repayment of two outstanding bank borrowings amounted to approximately HK\$4 million.*

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\$24.1 million have been placed in licensed banks in Singapore and Hong Kong.

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 March 2019, 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. 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%

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. 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 March 2019.

(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.

Save as disclosed above, as at 31 March 2019, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2019, 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%

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 March 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 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 March 2019, 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.

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.

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. Under the Share Option Scheme, the Company may grant options to eligible participants, including directors and full-time employees of and advisers and consultants to the Group. 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 Period and there were no outstanding share options as at 31 March 2019.



CORPORATE GOVERNANCE AND OTHER INFORMATION

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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 as set out in Appendix 15 to the GEM Listing Rules (the "**CG Code**") 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.

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 March 2019, 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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. 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 , 15 May 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.

Shareholders who have chosen or are deemed to have consented to receive the Company’s corporate communications using electronic means through the Company’s website and who have difficulty in receiving or gaining access to the Interim Report posted on the Company’s website will upon request be sent a copy of the Interim Report in printed form free of charge.

Shareholders may at any time choose to change their choice of language and means of receipt (i.e. in printed form or by electronic means through the Company’s website) of all future corporate communications from the Company by giving notice in writing by post to the Company’s Share Registrars, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong