ANNUAL REPORT 2019

KGroup Holdings Limited
千盛集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8475

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Board of Directors

Executive Directors

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

Non-Executive Director

Mr. Ng Yook Tim

Independent Non-Executive Directors

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

Compliance Officer

Mr. Yeap Wei Han, Melvyn

Authorised Representatives

Mr. Ho Zhi Yi, Levi
Mr. Chow Chun To *CPA*

Company Secretary

Mr. Chow Chun To *CPA*

Board Committees

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Auditor

Zenith CPA Limited
Rooms 2103–2105, 21/F
Dominion Centre
43–59 Queen's Road East
Wanchai
Hong Kong

Compliance Adviser

Lego Corporate Finance Limited
a corporation licenced to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance of Hong Kong
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Principal Banker

United Overseas Bank
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Republic of Singapore 048624

Registered Office in the Cayman Islands

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Cayman Islands

Headquarters and Principal Place of Business in Republic of Singapore

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Principal Place of Business in Hong Kong

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122–124 Connaught Road Central
Hong Kong

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited
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North Point
Hong Kong

Stock Code

8475

Board Lot

5,000 Shares

Company's Website

www.kgroup.com.hk

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I present the annual report of the Company for the eleven months ended 31 August 2019 (the "**Period**"). The Group has changed its statutory financial year end to 31 August from 30 September and the audited financial statement for the current period covers an eleven-month period from 1 October 2018 to 31 August 2019. The Directors believed that the reason for the change is to enable the Group to allocate sufficient manpower for the preparation of its results announcements as well as annual, interim and quarterly reports.

Overview

For the Period, the Group's revenue was approximately SGD15.7 million, representing an increase of approximately 1.9% compared to approximately SGD15.4 million for the year ended 30 September 2018 ("**Year 2018**"). The Group recorded a loss of approximately SGD3.5 million for the Period (Year 2018: SGD4.0 million). Excluding the one-off listing expenses, the Group's adjusted loss for the Year 2018 would have been approximately SGD0.7 million. The increase in loss for the Period was mainly due to higher expenses for opening new restaurants as well as increase in compliance costs.

Business Review and Prospect

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

As at the date of this report, the Group had one central kitchen under the self-developed brand "Gangnam Kitchen" and 15 self-operated restaurants under different brands, comprising (i) three self-operated restaurants in Singapore and one self-operated restaurant in Malaysia under the brand "Chir Chir" which are specialised in offering Korean fried chicken dishes; (ii) two self-operated restaurants in Singapore under the brand "Masizzim" which are specialised in offering Korean stew dishes; (iii) two self-operated restaurants in Singapore under the brand "Kogane Yama" which are specialised in offering Japanese premium tendon bowls; (iv) two self-operated restaurants in Singapore under the brand "Nipong Naepong" which are specialised in offering Korean fusion noodles; (v) three self-operated restaurants in Singapore under the brand "NY Night Market" which are specialised in offering Korean fusion western food; (vi) one self-operated restaurant in Singapore under the brand "Sora Boru" which is specialised in offering Japanese one bowl meal and donburi; and (vii) one self-operated restaurant in Singapore under the brand "Kota Zheng Zhong" which is specialised in offering Malaysian herbal fragrant pork rib soup.

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

Business Review and Prospect (Continued)

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

Appreciation

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

Lai Weijie, Terence
Chairman and Executive Director

Singapore, 27 November 2019

Business Review

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

At the date of this report, the Group had 15 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;

– three 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;

– one self-operated restaurant in Singapore under the brand "Kota Zheng Zhong" under a cooperation arrangement with the owner which owns a Malaysian-style claypot herbal bak kut teh restaurant chain; and

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

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

Brand	Chir Chir	Masizzim	Kogane Yama	Nipong Naepong	NY Night Market	Sora Boru	Kota Zheng Zhong	Total
As at 30 September 2018	5	2	2	2	1	–	–	12
Additions *(Note 1)*	1	–	–	–	2	1	–	4
Closure *(Note 2)*	(1)	–	–	–	–	–	–	(1)
As at 31 August 2019	5	2	2	2	3	1	–	15
Addition *(Note 3)*	–	–	–	–	–	–	1	1
Closure *(Note 4)*	(1)	–	–	–	–	–	–	(1)
As at the date of this report	4	2	2	2	3	1	1	15

Business Review (Continued)

Notes:

1. Chir Chir
   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 ("**Chir Chir (JB)**") commenced operation on 29 April 2019.

   NY Night Market
   Two self-operated restaurant under the brand "NY Night Market", which are located at 313@Somerset 313 Orchard Road, #01-29 Singapore 238895 ("**NY Night Market (313)**") and VivoCity, 1 Harbourfront Walk #01-116/116ORA Singapore 098585 ("**NY Night Market (Vivo)**"), commenced operation on 24 October 2018 and 20 June 2019, respectively.

   Sora Boru
   A self-operated restaurant under the brand "Sora Boru" which is located at 313@Somerset 313 Orchard Road, #B3-19/20 Singapore 238895 ("**Sora Boru (313)**") 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 premise but to search for some more attractive locations in Singapore.

3. A self-operated restaurant under the brand "Kota Zheng Zhong" which is located at 15A Lorong Liput Singapore 277730 commenced operation on 13 November 2019.

4. On 15 September 2019, the Group ceased operation of a self-operated restaurant under the brand "Chir Chir" which was located at Lot 1.108.00, Level 1 Pavilion Kuala Lumpur, 168 Jalan Bukit Bintang, Kuala Lumpur 55100 because of its decline in operating results.

As at 31 August 2019, the Group had also licensed the brand "Chir Chir" to the Indonesian Licensee which has (i) set up and operated three restaurants under the same brand in Indonesia; and (ii) further sub-licensed the brand to four sub-licensees to set up and operate a total of four restaurants under the same brand in Indonesia.

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

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 ingredients; and (iii) franchise and royalty income. The table below sets forth the Group's revenue breakdown by nature for the Period and Year 2018.

	1 October 2018 to 31 August 2019 SGD'000 (audited)	**%**	1 October 2017 to 30 September 2018 SGD'000 (audited)	%
Restaurant operations	**15,052**	**95.8**	14,798	96.0
Sales of food and food ingredients	**421**	**2.7**	222	1.4
Royalty income	**232**	**1.5**	398	2.6
Total	**15,705**	**100.0**	15,418	100.0

Restaurant operations

The majority of the revenue was derived from the operations of self-operated restaurants in Singapore and Malaysia. For Year 2018 and the Period, the revenue generated from restaurant operations amounted to approximately SGD14.8 million and SGD15.1 million, respectively, representing an increase of approximately 1.7%.

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), (ii) the commencement of three self-operated restaurants NY Night Market (313) Chir Chir (JB) and NY Night Market (Vivo), and (iii) the commencement of one self-operated restaurants under own new brand of Sora Boru (313). The increase in revenue was slightly offset by the cessation of operation of a self-operated restaurant Chir Chir (CP). It's further offset by the impact of changed of the Group financial year end date from 30 September to 31 August with effective on 14 August 2019. Revenue for eleven months from 1 October 2018 to 31 August 2019 were recorded for the current period. As a result, the Group recorded a slight increase of revenue for the Period due to the combination effect of full operation of certain restaurants and commencement of new restaurants, and cessation of one restaurant and change of financial year.

Sales of food and food ingredients

Revenue from the sales of food and food ingredients mainly represented revenue from (i) the sales of food through the operation of Gangnam Kitchen which provides catering and delivery services of Korean food to customers in Singapore; and (ii) the sales of food ingredients to the Indonesian Licensee. The revenue from the sales of food and food ingredients increased from approximately SGD222,000 for Year 2018 to approximately SGD421,000 for the Period, representing an increase of approximately 89.6%. The increased was due to secured of new customers.

Financial Review (Continued)

Revenue (Continued)

Royalty income

Royalty income represented the royalties from the Indonesian Licensee, Jaesan Food Holdings Sdn. Bhd. ("**Jaesan Food Holdings**") and Mr. Peh Kian Ghee ("**Mr. Peh**") pursuant to the respective business partnership arrangements and sub-license arrangements which the Group has entered into. The revenue from royalty income decreased from approximately SGD398,000 for Year 2018 to approximately SGD232,000 for the Period, representing a decrease of approximately 41.7%. The decrease was mainly attributable to the absence of store opening fee received from the Indonesian Licensee for the opening of stores under brands "Chir Chir" during the Period, which were received during Year 2018.

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 SGD3.7 million for Year 2018 to approximately SGD4.6 million for the Period, representing an increase of approximately 23.7% as compared to that of the Year 2018. The Group believes that the increase in cost of inventories consumed, which was not in proportion to the Group's revenue changes, was primarily due to (i) the full operation of Kogane Yama (JEM), NY Night Market (Westgate), Nipong Naepong (JEM) and Nipong Naepong (313), and (ii) the commencement of operation of NY Night Market (313), NY Night Market (Vivo) and Chir Chir (JB) for the Period, where the brands of Chir Chir, NY Night Market and Nipong Naepong required sourcing of sauce from the Korean franchisor that require higher costs.

Gross profit and gross profit margin

The gross profit and gross profit margin of the Group decreased from approximately SGD11.7 million and 75.9% respectively for Year 2018 to approximately SGD11.1 million and 70.8% respectively for the Period. It was mainly attributable to the increase in cost of inventories consumed as detailed above.

Financial Review (Continued)

Staff costs

Staff costs primarily consisted of the Directors' remuneration, salaries and allowances and retirement benefit contributions. Staff costs increased from approximately SGD4.5 million for Year 2018 to approximately SGD5.7 million for the Period, representing an increase of approximately 28.2%.

The following table sets forth the breakdown of the Group's staff costs for the Period and Year 2018:

	1 October 2018 to 31 August 2019 SGD'000 (audited)	1 October 2017 to 30 September 2018 SGD'000 (audited)
Directors' remuneration	**945**	471
Salaries and allowances	**4,515**	3,745
Retirement benefit contributions	**278**	261
Total	**5,738**	4,477

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

Rental and related expenses

All of the premises of the Group's self-operated restaurants, central kitchen and office were leased during the Period and the Group incurred rental and related expenses in respect of such leases. The rental expenses for restaurants generally comprised basic rent and/or turnover rent components. Rental and related expenses increased from approximately SGD3.6 million for Year 2018 to approximately SGD4.1 million for the Period, representing an increase of approximately 11.5%. The increase in the rental and related expenses was mainly attributable to the expansion of the Group's network of self-operated restaurants during the Period and renewal of leasing agreement of certain restaurants.

Finance costs

The finance costs primarily consisted of interest expenses on bank loans, trust receipts loans and hire purchase. Finance costs decreased from approximately SGD108,000 for Year 2018 to approximately SGD74,000 for the Period, representing a decrease of approximately 31.5%. The decrease was in line with the decrease in bank loans due to repayment of bank loan during the Period.

Financial Review (Continued)

Loss for the Period/year

The Group recorded a loss of approximately SGD3.5 million for the Period (Year 2018: SGD4.0 million). Without taking into account of the one-off listing expenses of approximately SGD3.3 million in Year 2018, the Group's adjusted loss for the Year 2018 would have been approximately SGD0.7 million. The loss of the Group increased from approximately SGD0.7 million for the Year 2018 to SGD3.5 million for the Period. Such increase in loss was mainly attributable to inter alia: (i) increase in number of staffs and depreciation in view of certain new restaurants opened; (ii) increase in cost of inventories consumed due to full operation of more restaurants; (iii) increase in rental and related expenses due to the full operation of more restaurants and renewals of the lease agreements of certain restaurants; (iv) additional expenses for launching new brands; and (v) increase in compliance cost of the Company.

Liquidity and Financial Resources

The Group recorded net current assets of approximately SGD2.2 million as at 31 August 2019 (30 September 2018: SGD6.9 million).

As at 31 August 2019, the Group's current ratio was 1.5 (30 September 2018: 2.6). Current ratio is calculated based on the total current assets at the end of the period divided by the total current liabilities at the end of the period. As at 31 August 2019, the Group's gearing ratio was 13.2% (30 September 2018: 16.5%). Gearing ratio is calculated based on total debt at the end of the year divided by total equity at the end of the year and multiplied by 100%. Total debt refers to all borrowings of the Group, which included amounts due to non-controlling interests, bank loans, trust receipt loans and hire purchase. The decrease in the Group's gearing ratio was mainly due to the repayment of bank loans during the Period.

As at 31 August 2019, the Group's total borrowings amounted to approximately SGD1,035,000 (30 September 2018: SGD1,917,000) which included bank loans, trust receipt loans and hire purchase. The Group's borrowings are denominated in Singapore dollars and carry interest at fixed rates ranging from 6.75% to 10.98% per annum as at 31 August 2019 (30 September 2018: 5.30% to 10.38%).

Capital Structure

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

Principal Risks and Uncertainties

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

- The Group is reliant on the master franchise rights in respect of the "Chir Chir" and the "Masizzim" brands and any discontinuation of such rights could materially and adversely impact the Group's business, results of operations and financial condition;
- The Group may not successfully develop the brands recently franchised to the Group;
- The business and operation of the Group are susceptible to product liability or food safety claims;
- We are subject to changes in consumer preferences; and
- Our operation may be adversely affected by any increase in staff costs in labour market, rental expenses and/or failure to renew existing leases of the leased properties on terms acceptable to us.

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

Foreign Currency Exposure Risks

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

Treasury Policies

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

Significant Investments or Material Acquisitions and Disposals

During the 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 August 2019, the Group did not have any capital commitments (30 September 2018: SGD328,000).

Future Plans for Material Investments or Capital Assets

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

Contingent Liabilities and Pledge of Assets

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

Environmental Policies and Performance

For details of environmental, social and governance performance of the Group, please refer to the “Environmental, Social and Governance Report” on pages 56 to 73 of this annual report.

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

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

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

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

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

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

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

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

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

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

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

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

	Net Proceeds allocated HK$'000	Approximate % of Net Proceeds %	Amount utilised as at 31 August 2019 HK$'000	Balance as at 31 August 2019 HK$'000
(i) Growing the business by procuring new franchised brands	2,520	6.5	2,520	–
(ii) Developing more restaurant brands and strengthening the regional presence	22,470	58.1	17,175	5,295
(iii) Strengthening the marketing efforts	2,520	6.5	2,058	462
(iv) Enhancing operational efficiency by expanding the workforce	2,540	6.6	1,072	1,468
(v) Enhancing operational efficiency by upgrading the information technology system	1,860	4.8	1,282	578
(vi) Repayment of outstanding bank borrowings	5,300	13.7	4,180	1,120
Sub-total	37,210	96.2	28,287	8,923
(vii) General working capital	1,470	3.8	1,470	–
Total	38,680	100	23,757	8,923

Note:

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

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

The expected timeframe on the use of unutilised Net Proceeds was generally in line with that disclosed in the Prospectus, save as the third Nipong Naepong shop, the third Masizzim shop and the first After School shop had not been opened by 31 August 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 and procured new brand under a cooperation arrangement with the first shop commenced operation in November 2019. The Group has changed the plan to open a new restaurant under a new self-developed brand "Sora Boru" instead of opening one new restaurant under the brand "Nipong Naepong" due to the popularity of Japanese-style self ordering concept among youngsters.

(1) The Group identified and procured a new franchised brand "Bokkabollae" with a tenure of 20 years, which offers famous Korean food. The Group also in the process of procuring the Chir Thailand Master Franchise.

(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, which has been awarded The Musi Halal Certificate issued in August 2019.

    The Group started one new brand, namely "Kota Zheng Zhong" which was under a cooperation arrangement with the owner which owns a Malaysian-style claypot herbal bak kut tech restaurant chain. The first self-operated restaurant under the brand "Kota Zheng Zhong" commenced operation in Singapore on 13 November 2019.

    The third shop with the franchise brand NY Night Market commenced its operation in June 2019 in Vivo City.

    The Group continuously identifies suitable locations fulfilling its expected scale of operations expansion of its restaurant network, and targeted to open the third Masizzim shop and the first After School shop by the year of 2020.

(3) The Group has launched different promotion campaigns with various well-known media partners, such as inviting social media bloggers instead of Korean pop stars, as the Group considered social media bloggers can improve our visibility to the targeted customer group.

(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 upgraded.

(6) Early repayment of two outstanding bank borrowings amounted to approximately HK$4 million.

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

The unutilised Net Proceeds of approximately HK$8.9 million have been placed in licensed banks in Singapore and Hong Kong.

Executive Directors

Mr. Lai Weijie, Terence ("**Mr. Terence Lai**"), aged 38, is a co-founder of the Group, an executive Director (the "**ED**") and the chairman of the Board (the "**Chairman**"). Mr. Terence Lai is responsible for overseeing the entire Group. He was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Terence Lai is a director of all of the subsidiaries of the Company, including K Food Holdings Pte. Ltd. ("**K Food Holdings**"), Gangnam Kitchen Pte. Ltd. ("**Gangnam Kitchen**"), Kogane Yama Restaurants Pte. Ltd. ("**Kogane Yama**"), After School Pte. Ltd. ("**After School**"), K Food Restaurants Sdn. Bhd. ("**K Food Restaurants**"), K Food Master Holdings Sdn. Bhd. ("**K Food Master**"), NY Night Market Pte. Ltd. ("**NY Night Market**"), Nipong Naepong Singapore Pte. Ltd. ("**Nipong Naepong**"), NY Night Market (313) Pte. Ltd. ("**NY Night Market 2**"), SB 313 Pte. Ltd. ("**Sora Boru**"), NY Night Market Vivo Pte. Ltd. ("**NY Night Market 3**"), TBN Bugis Pte. Ltd. ("**TBN Bugis**"), TBN NPC Pte. Ltd. ("**TBN NPC**"), Kota Bak Kut Teh (SG) Pte. Ltd. ("**Kota Bak Kut Teh**") and K Investment Holdings Limited ("**K Investment**").

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

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

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

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

Mr. Ho Zhi Yi, Levi ("**Mr. Ho**"), aged 36, is a co-founder of the Group, an ED and the chief executive officer (the "**CEO**"). Mr. Ho is responsible for overseeing the operations and management of the Group. Mr. Ho was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Ho is a director of all of the subsidiaries of the Company, including K Food Holdings, Gangnam Kitchen, Kogane Yama, After School, K Food Restaurants, K Food Master, NY Night Market, Nipong Naepong, NY Night Market 2, Sora Boru, NY Night Market 3, TBN Bugis, TBN NPC, Kota Bak Kut Teh, K Investment, K Bright Limited ("**K Bright**") and K Wealth Hong Kong Limited ("**K Wealth**").

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

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

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

Executive Directors (Continued)

Mr. Yeap Wei Han, Melvyn ("**Mr. Yeap**"), aged 36, is a co-founder of the Group, the chief financial officer (the "**CFO**") and an ED. Mr. Yeap is responsible for overseeing the financial matters of the Group. He was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Yeap is currently a director of K Food Holdings, K Bright and K Wealth.

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

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

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

Mr. Tan Chien Fong ("**Mr. Tan**"), aged 34, is a co-founder of the Group, an ED and the marketing manager of the Company. Mr. Tan is responsible for overseeing the Group's marketing matters. Mr. Tan was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Tan is currently a director of K Food Holdings and K Investment.

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

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

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

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

Non-Executive Director

Mr. Ng Yook Tim ("**Mr. Ng**"), aged 39, is a co-founder of the Group and the non-executive Director (the "**NED**"). Mr. Ng is responsible for advising on the management and strategic development of the Group. Mr. Ng was appointed as a Director on 24 January 2018 and re-designated as a NED on 10 February 2018. Mr. Ng is a director of K Food Holdings and K Investment. Mr. Ng is also a member of each of the Board's audit committee (the "**AC**"), remuneration committee (the "**RC**") and nomination committee (the "**NC**"). Mr. Ng is also a director of Canola which owns 54.25% of the issued Shares.

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

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

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

Independent Non-Executive Directors

Mr. Chow Wai San ("**Mr. Chow**"), aged 48, was appointed as an independent non-executive Director (the "**INED**") on 23 July 2018. Mr. Chow is the chairman of the AC and a member of each of the RC and the NC. He provides independent judgment on the issues of strategy, performance, resources and standard of the Group.

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

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

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

Independent Non-Executive Directors (Continued)

Mr. Law Chung Lam, Nelson ("**Mr. Law**"), aged 57, was appointed as an INED on 23 July 2018. Mr. Law is the chairman of the NC and a member of each of the AC and the RC. He provides independent judgment on the issues of strategy, performance, resources and standard of the Group.

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

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

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

Mr. Choo Zheng Xi ("**Mr. Choo**"), aged 33, was appointed as an INED on 23 July 2018. Mr. Choo is the chairman of the RC and a member of each of the AC and the NC. He provides independent judgment on the issues of strategy, performance, resources and standard of the Group.

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

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

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

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

Senior Management

Mr. Derek Lai Weikang ("**Mr. Derek Lai**"), aged 35, has been the general operations manager of the Group since November 2014. Mr. Derek Lai is responsible for overseeing and assisting the Group's operational matters alongside the CEO.

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

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

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

Mr. Ang Chip Teng ("**Mr. Ang**"), aged 36, is the senior service operation manager of the Group. Mr. Ang is primarily responsible for assisting in the daily operations of all restaurants of the Group. He first joined the Group as a restaurant manager in January 2015 and was appointed as a senior service manager in January 2016.

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

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

Mr. Chow Wai Loon ("**Mr. Aaron Chow**"), aged 30, is the area service manager of the Group. Mr. Aaron Chow is primarily responsible for overseeing and managing operations of all restaurants of the Group. Mr. Aaron Chow first joined the Group as a floor supervisor in April 2015 and was appointed as an area service manager in August 2017.

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

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

Senior Management (Continued)

Mr. Khor Meng Kian ("**Mr. Khor**"), aged 27, is the kitchen operation manager of the Group. Mr. Khor is primarily responsible for overseeing and managing all kitchen matters of the Group. Mr. Khor first joined the Group as a kitchen supervisor in February 2015 and was appointed as a kitchen manager in August 2017.

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

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

Mr. Zhou Ming ("**Mr. Zhou**"), aged 43, is the kitchen operation manager of the Group. Mr. Zhou is also responsible for overseeing and managing all kitchen matters of the Group. Mr. Zhou first joined the Group as a kitchen crew in February 2015 and was appointed as a kitchen manager in August 2017.

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

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

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

* *For identification purpose only*

Company Secretary

Mr. Chow Chun To ("**Mr. Chow**") was appointed as the company secretary of the Company (the "**Company Secretary**") on 26 September 2019.

Mr. Chow has over 13 years of auditing, accounting, corporate governance and company secretarial experience. He has been an independent non-executive director of Kingland Group Holdings Limited (stock code: 1751) since November 2016. He was an independent non-executive director of Geotech Holdings Ltd (stock code: 1707) from September 2017 to January 2019 and AV Promotions Holdings Limited (stock code: 8419) from December 2017 to July 2019, respectively. He has been a member of the Hong Kong Institute of Certified Public Accountants since July 2013. He obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in December 2006.

Compliance Officer

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

Corporate Governance Report

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the eleven months ended 31 August 2019 (the "**Reporting Period**"), i.e. from 1 October 2018 to 31 August 2019.

Corporate Governance Practices

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

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

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules. The Board is of the view that the Company has complied with all applicable code provisions set out in the CG Code throughout the Reporting Period.

Securities Transactions by Directors

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

Board of Directors

Responsibilities

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

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

Board of Directors (Continued)

Composition

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

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

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

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

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

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

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

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

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

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

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

Board of Directors (Continued)

Composition (Continued)

During the Reporting Period, the chairman of the Board (the "**Chairman**"), being an executive Director, at least held one meeting with the INEDs without the presence of other executive Directors.

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

Directors' Induction and Continuing Professional Development

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his appointment to ensure that he has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statute and common law, the GEM Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills.

During the Reporting Period, all the Directors have been provided with relevant reading material including legal and regulatory update for their reference and studying. All the Directors have also provided the Company a record of training they received during the Reporting Period.

Board of Directors (Continued)

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

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

The attendance record of each Director at the Board committee meetings held during the Reporting Period and the annual general meeting of the Company ("**AGM**") held on 1 March 2019 is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	Board	AGM	Audit committee	Nomination committee	Remuneration committee
Mr. Lai Weijie, Terence	4/4	1/1	N/A	N/A	N/A
Mr. Ho Zhi Yi, Levi	4/4	1/1	N/A	N/A	N/A
Mr. Yeap Wei Han, Melvyn	4/4	1/1	N/A	N/A	N/A
Mr. Tan Chien Fong	4/4	1/1	N/A	N/A	N/A
Mr. Ng Yook Tim	4/4	1/1	4/4	1/1	1/1
Mr. Chow Wai San	4/4	1/1	4/4	1/1	1/1
Mr. Law Chung Lam Nelson	3/4	1/1	3/4	1/1	1/1
Mr. Choo Zheng Xi	4/4	1/1	4/4	1/1	1/1

Board Diversity Policy

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

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

Chairman and Chief Executive Officer

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

Board Committees

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

Audit Committee

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

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

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, considering the external auditors' proposed audit fees, approving its remuneration and terms of engagement, and handling any questions regarding its resignation or dismissal;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with the external auditor on the nature and scope of the audit and reporting obligations before the audit commences;
- developing and implementing a policy on engaging external auditor to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- monitoring the integrity of the Company's financial statements and annual reports and accounts, half-year reports and quarterly reports, and reviewing significant financial reporting judgments contained in them;
- discussing problems and reservations arising from the interim limited review and final audits, and any matters the auditors may wish to discuss;
- reviewing the Company's financial controls, and the Group's risk management and internal control systems;
- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have such effective systems;
- reviewing the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- reviewing the Company's statement on internal control systems prior to endorsement by the Board;

Board Committees (Continued)

Audit Committee (Continued)

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

- preparing work reports for presentation to the Board and preparing summary of work reports for inclusion in the Company's interim and annual reports;

- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

- reviewing the Group's financial and accounting policies and practices;

- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- directly reporting to the Board on the matters in these terms of reference, and on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements);

- reviewing the arrangements that the employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;

- acting as the key representative body for overseeing the Company's relations with the external auditor;

- discussing problems and qualified opinion, if any, arising from the half-year and annual audit, and any matters the external auditor may wish to discuss (in the absence of management where necessary);

- setting the scope for internal control review;

- meeting with the auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters that the auditor may wish to raise;

- obtaining from the audit firm annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff; and

- considering other topics as defined by the Board.

Board Committees (Continued)

Audit Committee (Continued)

During the Reporting Period, the Audit Committee held four meetings, at which it:

– approved Zenith CPA Limited as the auditors of the Group and the corresponding audit plan;

– reviewed the financial statements for the year ended 30 September 2018, three months ended 31 December 2018, six months ended 31 March 2019 and nine months ended 30 June 2019;

– reviewed the effectiveness of the risk management and internal control systems, and such review covered all material controls including financial control;

– reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions; and

– reviewed the external auditors' findings.

The Company's annual results for the eleven months ended 31 August 2019 have been reviewed by the Audit Committee.

Remuneration Committee

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

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

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

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

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

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

Board Committees (Continued)

Remuneration Committee (Continued)

- reviewing and approving the remuneration payable to the executive Directors and the Senior Management in connection with any loss or termination of their office or appointment to ensure that such remuneration is determined in accordance with relevant contractual terms and that such remuneration is otherwise fair and not excessive for the Company;
- reviewing and approving the compensation arrangements relating to the dismissal or removal of the Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any remuneration payment is otherwise reasonable and appropriate;
- ensuring that no Director or any of his associates (as defined in the GEM Listing Rules) is involved in deciding his own remuneration; and
- with respect to any service contracts of the Directors that require the Shareholders' approval under Rule 17.90 of the GEM Listing Rules, advising the Shareholders as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its Shareholders as a whole, and as to how to vote.

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

Nomination Committee

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

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

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

Board Committees (Continued)

Nomination Committee (Continued)

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

Procedure and Process for Nomination of Directors

The Nomination Committee will recommend to the Board for the appointment of a Director, including an INED in accordance with the following procedures and process:

(a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:

 (i) diversity in the aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;

 (ii) sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;

 (iii) qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;

 (iv) independence (for INEDs);

 (v) reputation for integrity;

 (vi) potential contributions that the individual can bring to the Board; and

 (vii) commitment to enhance and maximize Shareholders' value;

(c) The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;

Board Committees (Continued)

Nomination Committee (Continued)

Procedure and Process for Nomination of Directors (Continued)

(d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

Corporate Governance Functions

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

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

Appointment and Re-election of Directors

Each of the Directors has entered into a service contract with the Company for a term of three years commencing from 13 August 2018 (the "**Listing Date**"), which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Articles of Association.

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

Appointment and Re-election of Directors (Continued)

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

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

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

Remuneration of Directors and Senior Management

Particulars of the Directors' remuneration for the Reporting Period are set out in note 11 to the consolidated financial statements.

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

Remuneration band (in HK$)	Number of individuals
Nil to 1,000,000	5

Independent Auditor's Remuneration

During the Reporting Period, the remuneration in respect of professional services provided by the external auditors of the Company, Zenith CPA Limited ("**Zenith**"), is set out as follows:

Description of services performed	Fee paid/ payable (in SGD'000)
Audit Services	104
Non-audit services	–

Directors' Responsibility for the Financial Statements

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

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

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

Risk Management and Internal Control

The Company has in place policies and procedures in relation to risk management and internal control. The Board is primarily responsible for overseeing the risk management and internal control systems and for reviewing their effectiveness. The Company's internal control system and procedures are designed to meet its specific business needs and to minimise its risk exposure. The Company has adopted different internal guidelines, along with written policies and procedures to monitor and lessen the impact of risks which are relevant to its business and control its daily business operations. Management will identify the risks associated with the Group's day-to-day operations for review by the Board. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. As the Group does not have an internal audit department, the Group has engaged an external consultant to conduct an internal control review on the internal control system of the Group during the Reporting Period. The review covered certain business cycles and procedures undertaken by the Group and made recommendations for improving and strengthening the system. The Board confirms that it has conducted a review of the risk management and internal control system of the Group for the eleven months ended 31 August 2019. The Group currently has no internal audit function and such review was performed by an external independent consultant engaged by the Group. The Directors were of the view that the internal control systems were adequate and sufficient in the circumstances.

Risk Management and Internal Control (Continued)

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

Disclosure of Inside Information

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

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;
- the Group has strictly prohibited unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors and the CFO are authorised to communicate with parties outside the Group.

Company Secretary

The Company has appointed Mr Chow Chun To, who is an employee of the Company, as the company secretary with effect from 27 September 2019. Mr. Chow has confirmed that for the year under review, he has taken no less than 15 hours of relevant professional training. The biography of Mr. Chow is set out in the section headed "Biographies of Directors and Senior Management" of this report. All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary will be subject to the approval of the Board at its meeting.

Shareholders' Rights

Procedures for Putting Forward Proposals at Shareholders' Meetings

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

Procedures for Shareholders to Convene an EGM

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

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned (the "**Requisitionist(s)**") at the principal place of business of the Company in Hong Kong (presently 14/F., Harbour Commercial Building, 122–124 Connaught Road Central, Hong Kong) for the attention of the Company Secretary.

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

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

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

Shareholders' Rights (Continued)

Procedures for Shareholders to Send Enquires to the Board

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

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

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

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

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

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

Communication with the Shareholders

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

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

Constitutional Documents

There was no change to the Company's constitutional documents since the Listing Date and up to the date of this report. The Articles of Association is available on the websites of the Company and the Stock Exchange.

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

Principal Activities

The principal activity of the Company is investment holding. The Group is a multi-brand restaurant group headquartered in Singapore, of which the restaurants are mainly operated under a franchise model. Particulars of the principal activities of its subsidiaries are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Period.

Results and Dividends

The results and the state of affairs of the Group for the Period are set out in the consolidated financial statements on pages 79 to 143 of this annual report.

The Board has resolved not to declare the payment of a final dividend for the Period (Year 2018: Nil).

Annual General Meeting

The forthcoming annual general meeting of the Company (the "**2020 AGM**") is scheduled to be held on Tuesday 11 February 2020. A circular containing the details of the 2020 AGM and the notice of the 2020 AGM will be issued and sent to the Shareholders on 29 November 2019.

Closure of the Register of Members

The register of members of the Company (the "**Register of Members**") will be closed from Thursday, 6 February 2020 to Tuesday, 11 February 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2019 AGM to be held on Tuesday, 11 February 2020, non-registered Shareholders must lodge all completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 5 February 2020.

Business Review

The business review of the Group for the Period is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 5 to 17 of this annual report.

A discussion and analysis of the activities of the Company as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's businesses, the compliance with relevant laws and regulations, as well as the Group's environmental policies and performance which have a significant impact on the Company, can be found in the "Management Discussion and Analysis" on pages 7 to 17 and "Corporate Governance Report" on pages 24 to 38 of this annual report. Such discussion forms part of this report.

Financial Summary

A summary of the results and the assets and liabilities of the Group for each of the latest four financial years is set out on page 144 of this annual report. This summary does not form part of the audited consolidated financial statements.

Dividend Policy

The Company has adopted a dividend policy (the "**Dividend Policy**"), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company (the "**Shareholders**") to allow Shareholders to share the Company's profits and for the Company to retain adequate reserves for future growth.

The declaration and payment of dividends are subject to the criteria set out in the Dividend Policy, shall remain to be determined at the absolute discretion of the Board and shall be in accordance with the applicable laws including the Companies Law, Chapter 22 of the Cayman Islands and the requirements under the articles of association of the Company.

In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account the Group's actual and expected financial performance, shareholders' interests, retained earnings and distributable reserves of the Company and each of the other members of the Group, the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject, possible effects on the Group's creditworthiness, any restrictions on payment of dividends that may be imposed by the Group's lenders, working capital and future expansion plans, liquidity position, taxation, statutory restrictions and general business conditions and strategies, and other factors that the Board considers appropriate.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Change of Principal Place of Business in Hong Kong

With effect from 26 September 2019, the principal place of business of the Company in Hong Kong has been changed to 14/F., Harbour Commercial Building, 122–124 Connaught Road Central, Hong Kong.

Charitable Donations

During the Period, the Group made charitable donation amounted to approximately SGD12,000 (Year 2018: SGDNil).

Plant and Equipment

Details of movements in the plant and equipment of the Group during the Period are set out in note 14 to the consolidated financial statements.

Borrowings

Particulars of borrowings of the Group as at 31 August 2019 are set out in note 21 to the consolidated financial statements.

Interest Capitalised

The Group has not capitalised any interest during the Period.

Share Capital

Details of the Company's share capital is set out in note 24 to the consolidated financial statements.

Pre-Emptive Rights

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

Reserves

Details of movements in reserves of the Group and the Company during the Period are set out in the consolidated statement of changes in equity on page 82 and in note 33 to the consolidated financial statements, respectively.

Distributable Reserves

Under the Companies Law of the Cayman Islands, the Company may pay dividends out of the profit or the share premium account in accordance with the provisions of Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, the Company remains able to pay the debts as and when they fall due in the ordinary course of business. As at 31 August 2019, the Company didn't have reserves available for distribution to Shareholders comprising share premium and accumulated losses.

Purchase, Sale or Redemption of Listed Securities of the Company

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

Directors

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

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

NED
Mr. Ng Yook Tim

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

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

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

Each of Mr. Yeap Wei Han, Melvyn, Mr. Tan Chien Fong, and Mr. Ng Yook Tim will retire at the 2020 AGM and all of them, being eligible, will offer themselves for re-election at the 2020 AGM.

Independence of the INEDs

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

Directors' Service Contracts

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

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

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

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 18 to 23 of this annual report.

Securities Transactions by Directors

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

Directors' and Controlling Shareholders' Interests in Contracts

Other than as disclosed in note 30 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director, controlling shareholders (as defined in the GEM Listing Rules) of the Company and of their subsidiaries and their respective connected entities had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

Arrangements to Enable Directors 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.

Management Contracts

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

Directors' and Controlling Shareholders' Interests in Competing Business

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

Compliance of Non-Competition Undertakings

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

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

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

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

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

As at 31 August 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) ("**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%

Notes:

1. All interests stated are long positions.

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

* The percentage represents the total number of the Shares and the underlying Shares interested divided by the number of issued Shares of 400,000,000 as at 31 August 2019.

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

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

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

Notes:

1. All interests stated are long positions.

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

Save as disclosed above, as at 31 August 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) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 August 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 recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares interested or held *(Note 1)*	Approximate percentage of the Company's issued Shares*
Canola	Beneficial owner	216,990,000	54.25%
Ms. Ong Hui Hui ("**Ms. Ong**") *(Note 2)*	Interest of spouse	216,990,000	54.25%
Ms. Teo Yan Qi Sharon ("**Ms. Teo**") *(Note 3)*	Interest of spouse	216,990,000	54.25%
Mr. Derek Lai *(Note 4)*	Interest held jointly with another person	216,990,000	54.25%
Mr. Tan Yit Hoe	Beneficial owner	20,000,791	5.00%
Mr. Lam Wing Chak Victor	Beneficial owner	31,221,470	7.81%

Notes:

1. All interests stated are long positions.

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

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

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

* The percentage represents the number of Shares interested divided by the number of issued Shares of 400,000,000 as at 31 August 2019.

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

Interests in issued voting shares of other members of the Group

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

Notes:

1. All interests stated are long positions.

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

Save as disclosed above, as at 31 August 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.

Share Option Scheme

The Company had conditionally adopted a share option scheme (the "**Share Option Scheme**") on 23 July 2018 (the "**Adoption Date**"), which became effective upon the commencement of dealings of the Shares on the Stock Exchange on the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted by the Company or agreed to be granted under the Share Option Scheme since the Adoption Date and up to the date of this report. Therefore, no share options lapsed or were exercised or cancelled during the Compliance Period and there were no outstanding share options as at 31 August 2019.

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

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

Share Option Scheme (Continued)

Participants

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

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

Basis of exercise price

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

Maximum number of Shares available for issue

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

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

Share Option Scheme (Continued)

Maximum number of Shares available for issue (Continued)

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

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

Maximum entitlement of each participant

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

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

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

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

Share Option Scheme (Continued)

Period and amount payable for taking up an option

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

Vesting period of option

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

Remaining life

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

Equity-Linked Agreements

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

Debenture, Convertible Securities, Options, Warrants or Similar Rights

Save as disclosed in the report, no debenture, convertible securities, options, warrants or similar rights were issued or granted by the Company, or subsisting, during the Period.

Fund raising activities

There were no fund-raising activities conducted by the Company during the Period.

Interests of the Compliance Adviser

The Company has appointed Lego Corporate Finance Limited (the "**Compliance Adviser**") as the compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rule. As at 31 August 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.

Compliance with the Relevant Laws and Regulations

During the Period, there was no material breach of the applicable laws and regulations by the Group.

Major Customers and Suppliers

Due to the nature of restaurant and catering business, the Group's major customers were mainly retail customers (being general public in the countries of operation), except for (i) the Indonesian Licensee; (ii) Jaesan Food Holdings; and (iii) Mr. Peh during the Period. For the Period, total revenue attributable to the abovementioned customers amounted to approximately SGD232,000, representing approximately 1.5% of the total revenue. Revenue from the Group's five largest customers accounted for less than 30% of the total sales for the Period and revenue from the largest customer included therein accounted for less than 5% of the total sales for the Period.

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

For the Period, purchases from the Group's five largest suppliers accounted for 46.3% of the Group's total purchases of raw materials and consumables consumed. During the Period, purchases from the Group's largest supplier accounted for 12.0% of the Group's total purchases of raw materials and consumables.

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

Related Party Transactions and Connected Transactions

Details of the related party transactions entered into by the Group during the Period are set out in note 30 to the consolidated financial statements. None of these related party transactions constitute non-fully exempted "connected transaction" or "continuing connected transaction" under Chapter 20 of the GEM Listing Rules. The Company confirms that it complies with the requirements set forth in Chapter 20 of the GEM Listing Rules.

Corporate Governance Practices

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

Details of the principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 24 to 38 of this annual report.

Sufficiency of Public Float

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

Permitted Indemnity Provision

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

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

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

Employees and Remuneration Policy

As at 31 August 2019, the Group has 128 full-time employees and 85 part-time employees for its operations in Singapore and Malaysia (30 September 2018: 138 full-time employees and 25 part-time employees). For the Period, the Group incurred staff costs, including Directors' remuneration, of approximately SGD5.7 million (Year 2018: SGD4.5 million). The Company has adopted a Share Option Scheme on 23 July 2018, which became effective on the Listing Date, for the purpose of recognising and acknowledging the contribution of employees. Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. The Company has also established the RC to make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation and on the Group's policy and structure for remuneration. The Group values its employees and grows its staff by providing various trainings, including paid overseas visits to home brands in Korea, training on food processing procedures, training on customer service, etc.

Emoluments of Directors and Five Highest Paid Employees

Details of the emoluments of the Directors and the five individuals with the highest emoluments for the Period are set out in note 11 to the consolidated financial statements.

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

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

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

Environmental, Social and Governance Report

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

The "Environmental, Social and Governance Report", which forms part of this report, is set out on pages 56 to 73 of this annual report.

Tax Relief

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

Important Events After the Reporting Period

The Board is not aware of any material event requiring disclosure, that has taken place subsequent to 31 August 2019 and up to the date of this report.

Review by Audit Committee

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

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

Independent Auditor

Deloitte Touche Tohmatsu ("**Deloitte**") was the reporting accountants of the Company for the purpose of the Listing. Deloitte was appointed by the Directors as the first auditor of the Company. On 22 August 2019, Deloitte resigned as the independent auditor of the Group and Zenith CPA Limited ("**Zenith**") was appointed by the Directors to fill the casual vacancy following the resignation of Deloitte with effect from 23 September 2019.

The consolidated financial statements for the Period have been audited by Zenith who retire and, being eligible, offer themselves for re-appointment at the 2020 AGM. A resolution will be proposed to the Shareholders at the 2020 AGM to re-appoint Zenith as the independent auditor of the Company.

By Order of the Board
K Group Holdings Limited

Lai Weijie, Terence
Chairman and Executive Director

Singapore, 27 November 2019

About This Report

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

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

Reporting period and scope

Reporting Period:	1 October 2018 to 31 August 2019 (the "**Reporting Period**")
Reporting Scope:	This ESG Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group. Hence, it covers the Group's principal business of restaurant operation in Singapore only.

Opinion and feedback

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

Introduction

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

1. Stakeholder engagement

Stakeholder engagement is a key success factor in formulating the Group's ESG strategies. The key stakeholders include customers, suppliers, employees, shareholders, government/regulatory authorities and the community. The Group has discussed and communicated with various stakeholders in respect of ESG to understand their views, seriously considered and responded to their needs and expectations, evaluated and prioritised their inputs to improve the performance, and finally strive to provide values to the stakeholders. Below sets forth the channels used for communication with respective stakeholder group.

Introduction (Continued)

1. Stakeholder engagement (Continued)

Stakeholders	Communication Channels	Concerned issues of stakeholders
Customers	Company website E-Mails Feedback from employees Customers comment cards	Product quality Enhancement of service quality
Suppliers	Supplier assessment Site visit	Provision of fair environment for cooperation Enhancement of mutual trust and benefit
Shareholders	Annual/Extraordinary general meetings Annual reports and announcements Company website	Corporate transparency and reputation Regulating corporate governance Sustainable profitability
Employees	Employee training Employee events Performance reviews	Occupational training and promotion Ensuring occupational health Remuneration packages and benefits
Governments/regulatory authorities	Routine reporting and disclosure Announcements Press release	Compliance with policies and regulations Tax compliance Operational compliance
Community	Corporate social responsibility activity Provision of employment opportunities	Conservation of ecological systems Promotion of community development Charity participation

(A) Environmental

2.1 Environmental policy and compliance

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

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

To the best knowledge and after making reasonable enquiry, the Group has not identified any material non-compliance with all relevant laws and regulations regarding environmental issues, including but not limited of air and greenhouse gas emissions, discharge into water and land and generation of hazardous and non-hazardous gas, during the Reporting Period.

2.2 Emission

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

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

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

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

(A) Environmental (Continued)

2.2 Emission (Continued)

During the Reporting Period, the emission of the Group was as follows:

Table 1 – Emission

	Unit	2019
Type of air pollutants		
NO_x	Kg	31
SO_x	G	79
Particulate matter	G	1,683
Greenhouse Gas (“GHG”) emission		
Scope 1 *(Note 1)*	tonnes of CO_2e	14
Scope 2 *(Note 2)*	tonnes of CO_2e	812
Scope 3 *(Note 3)*	tonnes of CO_2e	36
Total GHG emission	tonnes of CO_2e	862
GHG emission intensity	tonnes of CO_2e/SGD’m revenue *(Note 4)*	54

Notes:

1. Scope 1: Direct emission from sources that are owned or controlled by the Group.

2. Scope 2: Indirect emissions from the generation of purchased electricity and purchased town gas consumed by the Group.

3. Scope 3: Other indirect emission from paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments and business air travel by employees.

4. The intensity refers to tonnes of CO2e per millions of revenue of the Group for the Reporting Period.

(A) Environmental (Continued)

2.3 Hazardous and non-hazardous waste management

The Group did not generally generate hazardous waste from its operation during the Reporting Period. For non-hazardous waste, leftovers are the main source of solid waste generated from the restaurant operation. The Group has included guidelines for the food ordering and processing in the section of Code of Practice in the employee handbook and training manual.

Each of our restaurant monitors the consumption amount of our food ingredients on a daily basis, which we believe is an effective way to reduce wastage and storage costs as the head chef of each restaurant should know the best utilisation of the various food ingredients and the consumption patterns of the customers at each restaurant. With the controls over food ordering and processing fully implemented, the Group is able to reduce the food waste effectively and avoid excessive ingredients and dishes. In addition, the employees are aware of the food waste reduction and the relative concept. Forward looking, the Group will strive to streamline its restaurant operation process and to use energy and resources in the most efficient manner.

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

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

Table 2 – Non-hazardous waste

	Unit	2019
Non-hazardous waste produced	tonnes	373
Non-hazardous waste produced intensity	tonnes/SGD'm revenue *(Note)*	23

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

(A) Environmental (Continued)

2.4 Use of resources

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

(i) Energy Consumption

The energy consumption of the Group mainly comes from purchased towngas and purchased electricity. The Group promotes energy saving with various energy-efficient measures, including turn off gas stoves and water heaters when not in use, switch off idle lighting during non-office hours, and switch off air-conditioners and other equipment according to seasonal adjustment. In shopping malls, there is a fixed period when air conditioning is supplied which we matched as far as possible the operating hours of our restaurants. In addition, the Group has also installed energy saving cooking facilities and equipment.

During the Reporting Period, the energy consumption of the Group was as follows:

Table 3 – Energy consumption

	Unit	2019
Towngas consumption	Kwh	767,814
Electricity consumption	Kwh	838,920
Total energy consumption	Kwh	1,606,734
Total energy consumption intensity	Kwh/SGD'm revenue *(Note)*	100,421

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

(A) Environmental (Continued)

2.4 Use of resources (Continued)

(ii) Water Consumption

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

During the Reporting Period, the water consumption of the Group was as follows:

Table 4 – Water consumption

	Unit	2019
Water consumption	m^3	12,559
Water consumption intensity	m^3/SGD'm revenue *(Note)*	785

Note: The intensity refers to m3 of water per millions of revenue of the Group for the Reporting Period.

(iii) Packaging Materials

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

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

Table 5 – Packaging materials

	Unit	2019
Packaging materials used	tonnes	21
Packaging materials used intensity	tonnes/SGD'm revenue *(Note)*	1

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

(A) Environmental (Continued)

2.5 The environment and natural resources

With the integration of policies and measures to reduce emissions and resources consumption, the Group identifies the significant impact on the environmental and natural resources, resulting from the aforesaid air pollutant emission, energy and water consumption, creation of non-hazardous as well as packaging materials and the Group strives to adopt appropriate policies and take actions to reduce such negative impacts on the environment and natural resources. The Group raises staff awareness on environmental issues at work and in life through education and training and enlists employees' support in improving the Group's performance. The Group also supports community activities in relation to environmental protection and sustainability and evaluates regularly and monitors the past and present business activities impacting upon health, safety and environmental matters.

(B) Social

3. Employment and Labour Practices

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

3.1 Employment and labour

Quality service is an important success factor to our business and employee retention is a known challenge within the fierce restaurant business. The Group believes people are valuable assets and their diligent efforts and continuous supports are crucial to the Group's development and success. As such, the Group adopted a recruitment structure that aims to attract and retain talents, provide a safe and equal working environment for its employees and promote employees' health and well-being. In addition to offering competitive remuneration packages to employee, discretionary bonuses and share options may also be granted to eligible employees based on individual performance. In addition, the Group conducts annual performance reviews for the employees, which is used as a basis to determine salary increment, promotion and seeks for improvement of the services.

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

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

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

(B) Social (Continued)

3. Employment and Labour Practices (Continued)

3.1 Employment and labour (Continued)

Information, such as statement on work and rest hours, pay and performance issues, policies on benefits, training and leave, and disciplinary and dismissal procedures and possible sanctions, is clearly stated on a written employee hand book provided in the national language of the employees. The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.

During the Reporting Period, the Group has not identified any non-compliance with the relevant laws and regulations relating of (i) compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; and (ii) preventing child and forced labour. Majority of our employees are based in Southeast Asia. The employment status of the Group during the Reporting Period was as follows:

Table 6 – Employment and labour

	31 August 2019		30 September 2018	
	Number of employee	**Occupied percentage**	Number of employee	Occupied percentage
Gender				
Female	**120**	**56.3%**	107	53.5%
Male	**93**	**43.7%**	93	46.5%
Employment type				
Full time	**128**	**60.1%**	127	63.5%
Part time	**85**	**39.9%**	73	36.5%
Age range				
18–30	**158**	**74.1%**	154	77.0%
31–40	**39**	**18.3%**	31	15.5%
41–50	**8**	**3.8%**	7	3.5%
51–64	**4**	**1.9%**	4	2.0%
≥ 65	**4**	**1.9%**	4	2.0%
Total number of employees	**213**	**100%**	200	100%

(B) Social (Continued)

3. Employment and Labour Practices (Continued)

3.2 Health and safety

Ensuring the health and safety of the employees is one of the Group's prime responsibilities as employees are the most important asset and resource of the Group. To ensure safe working environment, the Group has established safety polices and guidelines which set out the safety procedures and promote safety at work sites stipulated by the relevant applicable laws and regulations. The Group have policies in place to ensure a high standard is kept at all times with regards to means of ventilation, sanitary fitments, facilities for cleaning equipment and utensils, means of exit and entry and fire safety.

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

The efforts in safety and health have been paid off and the Group aims to maintain the record of work-related injury, loss or fatalities at zero in upcoming years. We compensated the injured employees in accordance with the relevant applicable laws and regulations. We would continually monitor the working environment of our employees to reduce the work-related injury incidents and maintain no work-related fatalities incidents in upcoming years.

Table 7 – Occupational health and safety statistics

Unit	2019
Number of lost days due to work injury	21
Number of work-related fatalities due to work	Nil
Number of work injuries due to work	1

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

(B) Social (Continued)

3. Employment and Labour Practices (Continued)

3.3 Development and training

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

On-the-job training is provided for every newly employed staff, whether with previous experience or not, and for those being relocated to a new post, to ensure employees are familiar with the new working conditions, job requirements as well as all other safety and environmental conservation practices at the work place. The Group provide experienced staff with checklists to ensure all matters on food quality, internal procedures and safety standards are properly discussed with new recruits. Employees are also provided with the opportunities to participate in training offered by professional training institutions or experts. The Group also encourage our employees to undertake external courses that are funded by the Group.

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

4. Operational Practices

4.1 Supply chain management

The Group aims not to be directly or indirectly involved in corrupt practices or complicit in human rights abuses. Hence, the Group requires its supply chain partners to uphold the Group's principles of ethical business conduct thereby minimizing the environmental and social risk that may be encountered by the Group.

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

(B) Social (Continued)

4. Operational Practices (Continued)

4.1 Supply chain management (Continued)

When purchasing the ingredients and food items, the Group implements measures to monitor their qualities by arranging the head chefs to check and inspect before using in the restaurants. If any non-conformity found, the Group will return the ingredients or food items back to the suppliers. The head chefs will monitor the quality of raw materials and consumables and may suggest to management to consider removing certain suppliers if there is deterioration in the capacities, reliability or consistency of service and product quality of those suppliers. The Group may remove suppliers failing to meet the selection criteria or being susceptible of negative publicity from our supplier list.

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

4.2 Product responsibility

With an aim to maintain good quality of food and service and comply with applicable law and regulations, the Group adopted policies and procedures to ensure that the food ingredients are safe, fresh and of good quality upon delivery, in storage and during processing. The Group selects suppliers carefully and maintains relationship only with qualified suppliers.

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

The head chefs and restaurant managers are responsible for the quality control and assurance at each of the restaurants. They are responsible for inspecting the food supplies and ingredients, overseeing the food preparation process and monitoring the dining environment and kitchen area. The Group's operational workers clean and sanitise each of the restaurants to maintain health and safety in accordance with the policies and procedures. Head chef and the restaurant manager of each restaurant also have regular meeting to communicate any problems encountered so as to ensure a smooth operation of the restaurant.

The Group believes the opinions from customers can drives its continuous improvement. Multiple feedback channels, including email and feedback form, have therefore been established to facilitate communication with customers and to satisfy customers' requirements. The restaurant managers will discuss the customer feedback with senior management in order to improve the overall operations. In the receipt of complaints, the Group will take prompt actions and carry out remedial actions.

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

(B) Social (Continued)

4. Operational Practices (Continued)

4.3 Anti-corruption

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

To prevent occurrence of dishonest, fraudulent and money laundering behavior, the employee handbook sets out internal control policies and procedures to govern the investigation and follow-up procedures of reported fraud incidents, and provides for a whistle-blowing procedures mandatory for the employees to report any action or behavior of bribery or misconduct. A grievance channel is well-developed. The Board would monitor the aforesaid implementation on a regular basis.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations regarding bribery, extortion, fraud and money laundering.

5. Community Engagement

The Group is constantly aware of the needs of community and takes up the corporate responsibility to contribute to the society, and will continue to organise and participate in a variety of charitable events in the coming future. The Group takes communities' interest into consideration and also strives to develop long-term relationships with the stakeholders and brings a positive impact on community development. During the Reporting Period, the Group made donations of approximately SGD12,000 to various charitable organisations for health and community and encourages its employees to spend time to participate in communities' activities.

ESG Reporting Guide Content Index

ENVIRONMENTAL		Section Reference
Aspect A1: Emissions		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental policy and compliance
KPI A1.1	The types of emissions and respective emissions data.	Emission
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and non-hazardous waste management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and non-hazardous waste management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emission
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Hazardous and non-hazardous waste management

ESG Reporting Guide Content Index (Continued)

ENVIRONMENTAL		Section Reference
Aspect A2: Use of Resources		
General Disclosure	Information on: Policies on the efficient use of resources, including energy, water and other raw materials.	Use of resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The environment and natural resources

ESG Reporting Guide Content Index (Continued)

SOCIAL		Section Reference
Aspect B1: Employment		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and labour
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment and labour
Aspect B2: Health and Safety		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and safety
KPI B2.1	Number and rate of work-related fatalities.	Health and safety
KPI B2.2	Lost days due to work injury.	Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and safety

ESG Reporting Guide Content Index (Continued)

SOCIAL		Section Reference
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* Training refers to vocational training. It may include internal and external courses paid by the employer.	Development and training
Aspect B4: Labour Standards		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forces labour.	Employment and labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply chain management
Aspect B6: Product Responsibility		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising labelling and privacy matters relating to products and services provided and methods of redress.	Product responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product responsibility

ESG Reporting Guide Content Index (Continued)

SOCIAL		Section Reference
Aspect B7: Anti-corruption		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community engagement

ZENITH

ASSURANCE I TRANSACTIONS I ADVISORY

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

Opinion

We have audited the consolidated financial statements of K Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 79 to 143, which comprise the consolidated statement of financial position as at 31 August 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 1 October 2018 to 31 August 2019 then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2019, and of its consolidated financial performance and its consolidated cash flows for the period from 1 October 2018 to 31 August 2019 in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matters (Continued)

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for restaurant operations	
We identified the revenue recognition for restaurant operations as a key audit matter due to its significance to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for revenue recognition for restaurant operations is disclosed in Note 3.4 to the consolidated financial statements. During the period from 1 October 2018 to 31 August 2019, the revenue generated from restaurant operations is SGD15,052,000, as set out in Note 5 to the consolidated financial statements.	Our procedures in relation to the revenue recognition for restaurant operations included: • Obtaining an understanding of the Group's revenue recognition policy and key controls for restaurant operations; • Evaluating the key controls over the revenue recognition process for restaurant operations; • Testing a selection of revenue transactions to the corresponding source documents for example, customer settlement slips, on a sample basis; and • Applying data analytics techniques to investigate any unusual patterns of revenue generated from restaurant operations, and obtaining and assessing the reasonableness of management's explanation for the unusual patterns identified.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of plant and equipment and intangible assets	
We identified the impairment of plant and equipment and intangible assets as a key audit matter due to significant management judgements involved in the impairment assessment. During the period from 1 October 2018 to 31 August 2019, certain restaurants of the Group incurred losses, which indicated that plant and equipment and intangible assets of those restaurants may be impaired. Determining whether plant and equipment and intangible assets were impaired required an estimation of the value in use of each cash-generating unit ("CGU") to which the plant and equipment and intangible assets belong. The value in use of each CGU was determined by the management based on the operating cash flows forecast of the individual CGU, which required the use of key assumptions including the budgeted revenue, budgeted gross margin and expected growth rate determined based on past performance and management's expectation for the future changes in the market, as well as an appropriate discount rate.	Our procedures in relation to the impairment of plant and equipment and intangible assets included: • Understanding how management performs impairment assessment on plant and equipment and intangible assets; • Evaluating the reasonableness of the operating cash flows forecast and the key assumptions used, including evaluating the reasonableness of the budgeted revenue, budgeted gross margins, expected growth rate with reference to the past performance and management's expectation, and evaluating the suitability of the discount rate used; and • Evaluating the potential impact of the impairment assessment based on sensitivity analysis of the budgeted revenue.

Other Matters

The consolidated financial statements of the Group for the year ended 30 September 2018 were audited by another auditor who expressed an unmodified opinion on these statements on 28 December 2018.

Other Information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Cheng Po Yuen.

Zenith CPA Limited
Certified Public Accountants
Practising Certificate Number: P04887
Hong Kong
27 November 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Period from 1 October 2018 to 31 August 2019

	Notes	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Revenue	5	**15,705**	15,418
Other income and gains/(losses), net	7	**(62)**	(34)
Cost of inventories consumed		**(4,591)**	(3,712)
Staff costs		**(5,738)**	(4,477)
Depreciation and amortisation		**(1,097)**	(838)
Rental and related expenses		**(4,054)**	(3,637)
Utility expenses		**(442)**	(362)
Marketing and advertising expenses		**(242)**	(333)
Franchise and licensing fees		**(134)**	(89)
Other expenses		**(2,765)**	(2,372)
Listing expenses		**–**	(3,257)
Finance costs	8	**(74)**	(108)
Loss before tax	9	**(3,494)**	(3,801)
Income tax credit/(expense)	10	**7**	(163)
Loss for the period/year		**(3,487)**	(3,964)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in the subsequent period:			
Exchange differences on translation of foreign operations		**1**	6
Total comprehensive loss for the period/year		**(3,486)**	(3,958)
Loss for the period/year attributable to:			
Owners of the parent		**(3,367)**	(3,841)
Non-controlling interests		**(120)**	(123)
		(3,487)	(3,964)
Total comprehensive loss attributable to:			
Owners of the parent		**(3,367)**	(3,838)
Non-controlling interests		**(119)**	(120)
		(3,486)	(3,958)
Loss per share	13		
Basic and diluted (SGD cents)		**(0.84)**	(1.23)

Consolidated Statement of Financial Position

31 August 2019

	Notes	31 August 2019 SGD'000	30 September 2018 SGD'000
Non-current Assets			
Plant and equipment	14	**4,332**	3,003
Intangible assets	15	**1,144**	1,197
Rental and other deposits	17	**1,139**	983
Deposits paid for acquisition of plant and equipment		**–**	256
Total Non-current Assets		**6,615**	5,439
Current Assets			
Inventories	16	**70**	179
Trade and other receivables, deposits and prepayments	17	**4,054**	2,823
Due from directors	18	**578**	326
Due from the ultimate holding company	20	**22**	23
Bank balances and cash		**1,542**	7,710
Total Current Assets		**6,266**	11,061
Current Liabilities			
Trade and other payables and accruals	19	**2,962**	2,170
Provision for reinstatement costs	23	**12**	9
Due to non-controlling interests	20	**73**	41
Tax payable		**26**	274
Borrowings	21	**975**	1,683
Total Current Liabilities		**4,048**	4,177
Net Current Assets		**2,218**	6,884
Total Assets less Current Liabilities		**8,833**	12,323
Non-current Liabilities			
Provision for reinstatement costs	23	**187**	116
Deferred rental liabilities	19	**135**	38
Borrowings	21	**60**	234
Deferred tax liabilities	22	**71**	69
Total Non-current Liabilities		**453**	457
Net Assets		**8,380**	11,866

	Notes	31 August 2019 SGD'000	30 September 2018 SGD'000
Equity			
Equity attributable to owners of the parent			
Share capital	24	**694**	694
Other reserves		**7,822**	11,189
		8,516	11,883
Non-controlling interests	29	**(136)**	(17)
Total Equity		**8,380**	11,866

Lai Weijie, Terence
DIRECTOR

Ho Zhi Yi, Levi
DIRECTOR

Consolidated Statement of Changes in Equity

Period from 1 October 2018 to 31 August 2019

	Attributable to owners of the parent							
	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	Total equity SGD'000
At 30 September 2017	1,751	–	–	1,806	(2)	3,555	103	3,658
Loss for the year	–	–	–	(3,841)	–	(3,841)	(123)	(3,964)
Exchange differences on translation of foreign operations	–	–	–	–	3	3	3	6
Total comprehensive (loss)/income for the year	–	–	–	(3,841)	3	(3,838)	(120)	(3,958)
Issue of ordinary shares by K Food Holdings Pte. Ltd. ("**K Food Holdings**") *(Note 1(a))*	2,743	–	–	–	–	2,743	–	2,743
Issue of ordinary shares by K Investment Holdings Limited ("**K Investment**") *(Notes 1(d) and 1(g))*	27	–	–	–	–	27	–	27
Effect of reorganisation	(4,521)	–	4,507	–	–	(14)	–	(14)
Issue of shares by capitalisation of share premium account *(Note 24)*	520	(520)	–	–	–	–	–	–
Issue of shares upon listing *(Note 24)*	174	12,383	–	–	–	12,557	–	12,557
Transaction costs attributable to issue of new shares	–	(2,547)	–	–	–	(2,547)	–	(2,547)
Dividend recognised as distribution *(Note 12)*	–	–	–	(600)	–	(600)	–	(600)
At 30 September 2018 and 1 October 2018	**694**	**9,316**	**4,507**	**(2,635)**	**1**	**11,883**	**(17)**	**11,866**
Loss for the period	**-**	**-**	**-**	**(3,367)**	**-**	**(3,367)**	**(120)**	**(3,487)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**1**
Total comprehensive loss for the period	**-**	**-**	**-**	**(3,367)**	**-**	**(3,367)**	**(119)**	**(3,486)**
At 31 August 2019	**694**	**9,316***	**4,507***	**(6,002)***	**1***	**8,516**	**(136)**	**(8,380)**

* These reserve amounts comprise the consolidated other reserves of SGD7,822,000 (2018: SGD11,189,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Period from 1 October 2018 to 31 August 2019

	Notes	**1 October 2018 to 31 August 2019 SGD'000**	1 October 2017 to 30 September 2018 SGD'000
Cash flows from operating activities			
Loss before tax		**(3,494)**	(3,801)
Adjustments for:			
Finance costs	8	**74**	108
Interest income	7	**(1)**	(1)
Depreciation of plant and equipment	9	**1,044**	788
Amortisation of intangible assets	9	**53**	50
Impairment loss of plant and equipment	7	**79**	122
Loss on written off of plant and equipment	7	**11**	43
Provision for/(reversal) of deferred rental liabilities		**62**	(23)
Provision for reinstatement costs	23	**83**	90
		(2,089)	(2,624)
Decrease/(increase) in inventories		**109**	(10)
Increase in trade and other receivables, deposits and prepayments		**(1,387)**	(852)
Increase in trade and other payables and accruals		**827**	444
Cash used in operations		**(2,540)**	(3,042)
Income tax paid		**(239)**	(348)
Net cash flows used in operating activities		**(2,779)**	(3,390)
Cash flows from investing activities			
Purchases of plant and equipment		**(2,211)**	(2,123)
Additions to deposits paid for acquisition of plant and equipment		**–**	(256)
Additions to intangible assets		**–**	(674)
Advances to directors		**(252)**	(496)
Cash paid for reinstatement costs		**(9)**	(50)
Advances to the ultimate holding company		**–**	(10)
Repayment from the ultimate holding company		**1**	–
Interest received		**1**	1
Proceeds from disposal of intangible assets		**–**	50
Withdrawal of pledged bank deposit		**–**	67
Repayment from directors		**–**	385
Net cash flows used in investing activities		**(2,470)**	(3,106)

	Notes	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Cash flows from financing activities			
Transaction costs attributable to issue of new shares	33	–	(2,547)
Proceeds from issue of shares by K Food Holdings	1(a)	–	2,743
Proceeds from issue of shares by the Company		–	12,557
Dividend paid		–	(600)
Repayment to a director		–	(203)
Repayment of borrowings		(882)	(648)
Interest paid		(74)	(108)
Repayment to non-controlling interests		–	(12)
Advance from non-controlling interests		32	16
Advance from a director		–	200
New borrowings		–	1,500
Net cash flows (used in)/from financing activities		(924)	12,898
Net (decrease)/increase in cash and cash equivalents		(6,173)	6,402
Cash and cash equivalents at beginning of the period/year		7,710	1,304
Effect of foreign exchange rate changes, net		5	4
Cash and cash equivalents at end of the period/year, represented by bank balances and cash		1,542	7,710

1. CORPORATE AND GROUP INFORMATION

K Group Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 13 August 2018 (the "**Listing**"). The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands, and the principal place of business of the Company in Singapore is located at 1 Grange Road, Orchard Building, #12-01, Singapore 239693.

During the period, the Group was involved in the following principal activities:

- Restaurant operations
- Sales of food ingredients
- Provision of franchise and royalty services

In the opinion of the directors, the ultimate holding company of the Company is Canola Investment Holdings Limited ("**Canola**"), which is incorporated in the Cayman Islands.

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

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

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

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

1. CORPORATE AND GROUP INFORMATION (Continued)

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

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

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

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

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

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

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

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable of the Company		Principal activities
			Direct	Indirect	
K Investment Holdings Limited	British Virgin Islands	US$20,000	100%	–	Investment holdings
K Food Holdings Pte. Ltd	Singapore	SGD4,493,760	–	100%	Investment holdings and operating restaurant in Singapore
Kogane Yama Restaurants Pte. Ltd.	Singapore	SGD203,000	–	60%	Operating restaurant in Singapore
Gangnam Kitchen Pte. Ltd	Singapore	SGD3,000	–	100%	Operating central kitchen and catering services in Singapore
K Food Master Holdings Sdn. Bhd.	Malaysia	MYR500,000	–	60%	Investment holdings
Nipong Naepong Singapore Pte. Ltd.	Singapore	SGD100	–	100%	Operating restaurant in Singapore
NY Night Market Pte. Ltd.	Singapore	SGD150,000	–	100%	Operating restaurant in Singapore
NY Night Market (313) Pte. Ltd.	Singapore	SGD300,000	–	100%	Operating restaurant in Singapore
K Food Restaurant Sdn. Bhd	Malaysia	MYR1,000,000	–	60%	Operating restaurant in Malaysia
Ny Night Market (VIVO) Pte. Ltd.*	Singapore	SGD300,000	–	100%	Operating restaurant in Singapore
SB 313 Pte. Ltd.*	Singapore	SGD300,000	–	100%	Operating restaurant in Singapore

* Subsidiaries incorporated during the period

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. BASIS OF PRESENTATION

Despite the Group incurred a net loss of SGD3,487,000 for the period from 1 October 2018 to 31 August 2019; the Group has interest-bearing borrowings of SGD1,035,000, trade and other payables of SGD1,607,000 as at 31 August 2019, in the opinion of the directors, the Group will have sufficient working capital to finance its operation and to meets it financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration the following:

(i) the directors have considered to improve the financial position of the Group and to enlarge the capital base of the Company by conducting fund raising exercises;

(ii) the Group has ability to generate sufficient cash flows from its operation to improve working capital position of the Group; and

(iii) having regard to measures to tighten controls over expenses and to better manage the Group's working capital, the directors believe that the Group is able to continue to generate sufficient cash flows from operations.

The directors have reviewed the Group's cash flow forecast prepared by management which covers a period of 15 months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the period from 1 October 2018 to 31 August 2019 on a going concern basis.

3.1 BASIS OF PREPARATION

During the period, the reporting period end date of the Group changed from 30 September to 31 August. The reason for the change of financial year end was arrived at after taking into consideration the Group's reporting requirements and to facilitate better management of resources for smooth flow of business operations and financial reporting, resulting in better administrative and operational efficiencies, accordingly, the consolidated financial statements for the period cover the eleven-month ended 31 August 2019. The corresponding comparative amounts shown in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covered a twelve-month period from 1 October 2017 to 30 September 2018 and therefore may not be comparable with amounts shown for the current period.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Singapore dollars ("**SGD**") and all values are rounded to the nearest thousand ("**SGD'000**") except when otherwise indicated.

3.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the period from 1 October 2018 to 31 August 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 October 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 October 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Upon the adoption of HKFRS 9, the Group's trade receivables are reclassified as financial assets at amortised cost and there was no significant impact on the measurement of financial instruments on the financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("**ECL**").

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods. The disclosures are included in Note 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in Note 3.4 to financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 October 2018. The effect of adopting HKFRS 15 has had no significant financial effect on these financial statements.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 September 2020.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of SGD10,860,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The Group will apply the standard from its mandatory adoption date of 1 September 2019. The Group intends to apply the transitional provision in HKFRS 16 to recognised the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1 September 2019 and will not restate the comparatives. Right of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 September 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 September 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location of its intended use.

Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

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

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademarks and franchise rights

Trademarks and franchise rights acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful life are amortised to profit or loss using the straight-line method over 5–20 years.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Investments and other financial assets (policies under HKFRS 9 applicable from 1 October 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 October 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under HKFRS 9 applicable from 1 October 2018) (Continued)

Initial recognition and measurement (Continued)

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Investments and other financial assets (policies under HKAS 39 applicable before 1 October 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under HKAS 39 applicable before 1 October 2018) (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss.

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 October 2018 and policies under HKAS 39 applicable before 1 October 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under HKFRS 9 applicable from 1 October 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under HKFRS 9 applicable from 1 October 2018) (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Impairment of financial assets (policies under HKAS 39 applicable before 1 October 2018)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (policies under HKFRS 9 applicable from 1 October 2018 and HKAS 39 applicable before 1 October 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to non-controlling interests and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Inventories

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be require to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (applicable from 1 October 2018)

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from contracts with customers

(a) Restaurant operation
Revenue from restaurant operation is recognised at the point in time when catering services to the customers are completed.

(b) Sales of food ingredients
Revenue from the sale of food ingredients is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the food ingredients.

(c) Provision of franchise and royalty services
Revenue from the provision of franchise and royalty services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (applicable before 1 October 2018)

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

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

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

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

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

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

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

Share-based payments

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

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

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

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other employee benefits

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

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

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

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

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

Borrowing costs

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in Singapore dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Singapore dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into Singapore dollars at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Singapore dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Singapore dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Singapore dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based management's estimate of the life time expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of trade receivables, customers' repayment history and an assessment of both the current and foreign general economic conditions, all of which involve a significant degree of management judgement. At each reporting date, the life time expected credit losses to be incurred are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Notes 3.4 and 17 to the consolidated financial statements, respectively.

Estimated useful lives of plant and equipment

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

As at 31 August 2019, the carrying amount of plant and equipment is SGD4,332,000 (30 September 2018: SGD3,003,000).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Impairment of plant and equipment and intangible assets

During the eleven-month ended 31 August 2019, certain restaurants of the Group incurred losses, which indicated that plant and equipment and intangible assets of those restaurants may be impaired. Determining whether plant and equipment and intangible assets are impaired require an estimation of value in use of cash-generating unit ("CGU"). The amount of the impairment loss is measured as the difference between the asset's carrying amount and its recoverable amount. The recoverable amount is higher of value in use and fair values less costs to sell. Value in use is the estimated future cash flow discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The value in use calculation requires the Group to estimate the future cash inflows/outflows expected to arise from the CGU by considering the budgeted revenue, budgeted gross margin and expected growth rate which are based on past performance and management's expectations for the future changes in the market and taking into account a suitable discount rate to calculate the present value. Where the actual future cash flows are less than expected, or unfavourable changes in facts and circumstances which result in downward revision of estimated future cash flows for the purpose of determining the value in use, further impairment loss may arise.

As at 31 August 2019, the aggregate carrying amounts of the plant and equipment and intangible assets are SGD4,332,000 (30 September 2018: SGD3,003,000) and SGD1,144,000 (30 September 2018: SGD1,197,000), respectively. Other than the impairment loss on the plant and equipment of SGD79,000 was recognised in profit or loss during the period from 1 October 2018 to 31 August 2019 (year ended 30 September 2018: SGD122,000) relating specifically to a closure of a restaurant, no impairment loss was recognised for either plant and equipment or intangible assets for the period/year arising from the above impairment assessment.

5. REVENUE

An analysis of revenue is as follows:

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Revenue from contract with customers	**15,705**	–
Rendering of catering services in restaurants	**–**	14,798
Sale of food ingredients	**–**	222
Franchise and royalty income	**–**	398
	15,705	15,418

5. REVENUE (Continued)

Revenue from contract with customers

(i) Disaggregated revenue information

For the eleven-month ended 31 August 2019

Segments	Restaurant operations SGD'000	Sale of food ingredients SGD'000	Franchise and royalty income SGD'000	Total SGD'000
Types of goods or services				
Catering services in restaurants	15,052	–	–	15,052
Sale of food ingredients	–	421	–	421
Provision of franchise and royalty services	–	–	232	232
Total revenue from contracts with customers	15,052	421	232	15,705
Geographical markets				
Singapore	14,365	421	103	14,889
Malaysia	687	–	73	760
Indonesia	–	–	56	56
Total revenue from contracts with customers	15,052	421	232	15,705
Timing of revenue recognition				
Goods transferred at a point of time	15,052	421	–	15,473
Services transferred over time	–	–	232	232
Total revenue from contracts with customers	15,052	421	232	15,705

5. REVENUE (Continued)

Revenue from contract with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligation is summarised below:

Restaurant operations
The performance obligation of income from restaurant operations is satisfied upon completion of the service and payment is due upon serving of food and beverage.

Sale of food ingredients
The performance obligation is satisfied upon delivery of food ingredients to customers and payment is generally due within 30 to 60 days.

Franchise and royalty income
The performance obligation is satisfied over time upon intellectual property are rendered and payment is generally due within 30 to 60 days.

6. SEGMENT INFORMATION

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

Geographical information

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

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

	Revenue from external customers		Non-current assets	
	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000	**31 August 2019 SGD'000**	30 September 2018 SGD'000
Singapore	**14,889**	14,473	**5,115**	3,992
Malaysia	**760**	708	**356**	250
Indonesia	**56**	237	**–**	–
	15,705	15,418	**5,471**	4,242

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

Information about major customers

No customer contributed over 10% of total revenue of the Group for the period/year.

7. OTHER INCOME AND GAINS/(LOSSES), NET

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Exchange loss, net	(26)	(151)
Loss on written off of plant and equipment	(11)	(43)
Impairment loss of plant and equipment	(79)	(122)
Bank interest income	1	1
Rental income	–	168
Government grants*	32	79
Others	21	34
	(62)	(34)

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

8. FINANCE COSTS

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Interest on bank loans	55	88
Interest on trust receipt loans	17	18
Interest on hire purchase	2	2
	74	108

9. LOSS BEFORE TAX

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
The Group's loss before tax is arrived at after charging:		
Auditor's remuneration	**104**	240
Amortisation of intangible assets *(Note 15)*	**53**	50
Depreciation of plant and equipment *(Note 14)*	**1,044**	788
Employee benefit expenses excluding directors' and chief executive's remuneration *(Note 11)*:		
– Salaries and allowances	**4,515**	3,745
– Retirement benefit contributions	**278**	261
	4,793	4,006
Minimum lease payments under operating leases	**3,936**	3,504

10. INCOME TAX (CREDIT)/EXPENSE

Singapore Corporate Income Tax has been provided at 17% (year ended 30 September 2018: 17%) on the estimated assessable profits arising in Singapore during the period/year.

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

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Current – Singapore		
Charge for the period/year	**–**	124
Over-provision in prior years	**(9)**	–
	(9)	124
Deferred *(Note 22)*	**2**	39
Total tax (credit)/charge for the period/year	**(7)**	163

10. INCOME TAX (CREDIT)/EXPENSE (Continued)

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

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Loss before tax	**(3,494)**	(3,801)
Tax charged at the domestic income tax rate of 17% *(Note 1)*	**(594)**	(646)
Difference in tax rates of subsidiaries operating in other jurisdictions	**(20)**	–
Expenses not deductible for tax	**394**	861
Tax losses not recognised	**287**	21
Tax losses utilised from previous periods	**–**	(4)
Tax concession *(Note 2)*	**(65)**	(69)
Overprovision in respect of prior years	**(9)**	–
Income tax (credit)/expense for the period/year	**(7)**	163

Notes:

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

2. In Singapore, the tax exemption scheme for new start-up companies allows for full tax exemption on the first SGD100,000 of normal chargeable income and a further 50% tax exemption on the next SGD100,000 of normal chargeable income for the first three consecutive year of assessment. From the fourth year of assessment and onwards 75% tax exemption on the first SGD10,000 of normal chargeable income and a further 50% tax exemption on the next SGD190,000 of normal chargeable income. Tax rebate refers to the Singapore Corporate Income Tax rebate which 20% corporate income tax rebate capped SGD10,000 of Corporate Income Tax for year of assessment 2019 and no corporate income tax rebate for year of assessment 2020.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

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

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Directors' fee	**498**	150
Salaries and allowances	**392**	276
Retirement benefit contributions	**55**	45
	945	471

	1 October 2018 to 31 August 2019			
	Directors' fee SGD'000	**Salaries and allowances SGD'000**	**Retirement benefit contributions SGD'000**	**Total SGD'000**
Executive directors				
Mr. Terence Lai	**136**	**106**	**15**	**257**
Mr. Yeap	**90**	**62**	**10**	**162**
Mr. Ho	**102**	**168**	**20**	**290**
Mr. Tan	**61**	**37**	**7**	**105**
Sub-total	**389**	**373**	**52**	**814**
Non-executive director				
Mr. Ng	**52**	**19**	**3**	**74**
Independent non-executive directors				
Mr. Choo Zheng Xi	**19**	**–**	**–**	**19**
Mr. Chow Wai San	**19**	**–**	**–**	**19**
Mr. Law Chun Lam, Nelson	**19**	**–**	**–**	**19**
Sub-total	**57**	**–**	**–**	**57**
Total	**498**	**392**	**55**	**945**

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

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

	Year ended 30 September 2018			
	Directors' fee SGD'000	Salaries and allowances SGD'000	Retirement benefit contributions SGD'000	Total SGD'000
Executive directors				
Mr. Terence Lai *(Notes i, ii)*	37	77	13	127
Mr. Yeap *(Note i)*	22	21	4	47
Mr. Ho *(Notes i, iii)*	37	120	18	175
Mr. Tan *(Note i)*	24	39	7	70
Sub-total	120	257	42	419
Non-executive director				
Mr. Ng *(Note i)*	15	19	3	37
Independent non-executive directors				
Mr. Choo Zheng Xi *(Note iv)*	5	–	–	5
Mr. Chow Wai San *(Note iv)*	5	–	–	5
Mr. Law Chun Lam, Nelson *(Note iv)*	5	–	–	5
Sub-total	15	–	–	15
Total	150	276	45	471

Notes:

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

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

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

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

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

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(b) Five highest paid employees

The five highest paid employees of Group during the period from 1 October 2018 to 31 August 2019 included three directors (year ended 30 September 2018: three directors), details of whose emoluments are set out in (a) above. Details of the remuneration for the period of the remaining two (year ended 30 September 2018: two) individuals who are neither a director nor chief executive of the Company are as follows:

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Salaries, allowances and other benefits	**218**	222
Retirement benefit contributions	**35**	30
	253	252

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

	1 October 2018 to 31 August 2019 No. of employees	1 October 2017 to 30 September 2018 No. of employees
Nil to HK$1,000,000	**2**	2

During the period from 1 October 2018 to 31 August 2019, no emolument was paid by the Group to any of the director of the Company or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (year ended 30 September 2018: Nil). There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the period from 1 October 2018 to 31 August 2019 (year ended 30 September 2018: Nil).

12. DIVIDEND

No dividend was paid or proposed during the period from 1 October 2018 to 31 August 2019, nor has any dividend been propose since the end of the reporting period (year ended 30 September 2018: Nil).

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

13. LOSS PER SHARE

The calculation of the basic and diluted loss based on:

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Loss:		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculations	**(3,367)**	(3,841)

	Number of shares	
	31 August 2019	30 September 2018
Shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**400,000,000**	313,424,657

Diluted loss per share is the same as basic loss per share as there was no potential dilutive ordinary shares in issue during the period ended 31 August 2019 and year ended 30 September 2018.

14. PLANT AND EQUIPMENT

	Computer and office equipment SGD'000	Furniture and fittings SGD'000	Kitchen equipment SGD'000	Leasehold improvements SGD'000	Motor vehicle SGD'000	Total SGD'000
COST						
At 1 October 2017	256	132	370	2,145	48	2,951
Additions	88	91	149	1,795	–	2,123
Written off	(1)	(18)	(55)	(383)	–	(457)
Exchange realignment	–	–	4	5	–	9
At 30 September 2018 and 1 October 2018	343	205	468	3,562	48	4,626
Additions	190	146	332	1,799	–	2,467
Written off	–	–	–	(252)	–	(252)
Exchange realignment	–	–	(1)	(2)	–	(3)
At 31 August 2019	533	351	799	5,107	48	6,838
ACCUMULATED DEPRECIATION/IMPAIRMENT						
At 1 October 2017	133	33	85	872	3	1,126
Provided for the year *(Note 9)*	74	27	77	600	10	788
Impairment loss recognised	–	–	–	122	–	122
Eliminated on written off	(1)	(8)	(23)	(382)	–	(414)
Exchange realignment	–	–	1	–	–	1
At 30 September 2018 and 1 October 2018	206	52	140	1,212	13	1,623
Provided for the period *(Note 9)*	75	42	105	813	9	1,044
Impairment loss recognised	–	–	–	79	–	79
Eliminated on written off	–	–	–	(241)	–	(241)
Exchange realignment	–	–	1	–	–	1
At 31 August 2019	281	94	246	1,863	22	2,506
NET CARRYING AMOUNT						
At 31 August 2019	252	257	553	3,244	26	4,332
At 30 September 2018	137	153	328	2,350	35	3,003

14. PLANT AND EQUIPMENT (Continued)

The Group has not exercised the renewal option of a leased premise and has closed down the corresponding restaurant operation. Accordingly, a net amount of leasehold improvements amounting to SGD79,000, which was directly attributable to that restaurant, was recognised as impairment loss during the period from 1 October 2018 to 31 August 2019 (year ended 30 September 2018: SGD122,000).

Included within the cost of leasehold improvements is provision for restaurants reinstatement costs of SGD199,000 as at 31 August 2019 (30 September 2018: SGD125,000).

Carrying amount of motor vehicle of SGD26,000 was under hire purchase as at 31 August 2019 (30 September 2018: SGD35,000).

15. INTANGIBLE ASSETS

	Franchise and licensing rights SGD'000
COST	
At 1 October 2017	638
Additions	674
At 30 September 2018 and 1 October 2018 and 31 August 2019	1,312
ACCUMULATED AMORTISATION	
At 1 October 2017	65
Provided for the year *(Note 9)*	50
At 30 September 2018 and 1 October 2018	115
Provided for the period *(Note 9)*	53
At 31 August 2019	168
NET CARRYING AMOUNTS	
At 31 August 2019	1,144
At 30 September 2018	1,197

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

16. INVENTORIES

	31 August 2019 SGD'000	30 September 2018 SGD'000
Food and beverage and consumables	**70**	179

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 August 2019 SGD'000	30 September 2018 SGD'000
Trade receivables	**1,229**	1,467
Other receivables	**933**	439
Rental and other deposits	**2,909**	1,578
Prepayments	**122**	322
	5,193	3,806
Less: Rental and other deposits classified as non-current assets	**(1,139)**	(983)
Trade and other receivables, deposits and prepayments – current portion	**4,054**	2,823

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

Included in trade receivables are amounts due from non-controlling interests of SGD176,000 (30 September 2018: SGD192,000), which are repayable on credit terms similar to those offered to major customers of the Group.

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

An ageing analysis of trade receivables based on (i) the invoice date for restaurant operations and sale of food ingredients; and (ii) the timing of accrual for franchise and royalty income in accordance with the relevant agreements, is as follows:

	31 August 2019 SGD'000	30 September 2018 SGD'000
0 – 30 days	**1,218**	582
31 – 60 days	**–**	98
61 – 90 days	**4**	97
Over 90 days	**7**	690
	1,229	1,467

Impairment under HKFRS 9 for the period ended 31 August 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 August 2019

		Past due				
	Current	**0–30 days**	**31–60 days**	**61–90 days**	**Over 90 days**	**Total**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Gross carrying amount (SGD'000)	**1,213**	**5**	**–**	**4**	**7**	**1,229**
Expected credit losses (SGD'000)	**–**	**–**	**–**	**–**	**–**	**–**

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Impairment under HKAS 39 for the year ended 30 September 2018

The ageing analysis of the trade receivables as at 30 September 2018 that are were not individually nor collectively considered to be impaired under HKAS 39 is as follows:

	30 September 2018 SGD'000
Neither past due nor impaired	559
0–30 days past due	122
31–60 days past due	98
61–90 days past due	57
Over 90 days past due	631
	1,467

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

No allowance for impairment loss had been made in respect of the above receivables that were past due as there had not been a significant change in credit quality as the amounts were still considered recoverable because of the good repayment records by the counterparties.

The financial assets included in the other receivables, deposits and prepayments' balances relate to receivables for which there was no recent history of default, and none of these assets is either past due or impaired.

18. AMOUNTS DUE FROM DIRECTORS

	31 August 2019 SGD'000	30 September 2018 SGD'000	1 October 2017 SGD'000	**Maximum amount outstanding during the period/year 2019 SGD'000**	Maximum amount outstanding during the period/year 2018 SGD'000
Amounts due from directors:					
Mr. Terence Lai	**578**	326	208	**578**	349
Mr. Tan	**–**	–	7	**248**	8
Mr. Ho	**–**	–	–	**213**	28
	578	326	215		

The amounts due from directors are non-trade in nature, unsecured, bear interest at 4% per annum and repayable on demand.

As at 30 September 2018, the amounts due from directors were non-trade nature, unsecured, interest free and repayable on demand.

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	31 August 2019 SGD'000	30 September 2018 SGD'000
Trade payables	646	451
Goods and services tax payables	314	246
Salaries payable	528	447
Deferred rental liabilities	230	168
Accruals	418	469
Other payables	961	427
	3,097	2,208
Less: Deferred rental liabilities classified as non-current liabilities	(135)	(38)
	2,962	2,170

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

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

	31 August 2019 SGD'000	30 September 2018 SGD'000
0 – 30 days	547	251
31 – 60 days	96	197
61 – 90 days	3	1
Over 90 days	–	2
	646	451

20. BALANCES WITH THE ULTIMATE HOLDING COMPANY AND NON-CONTROLLING INTERESTS

The balances with the ultimate holding company and non-controlling interests are non-trade in nature, unsecured, interest-free and repayable on demand.

21. BORROWINGS

	31 August 2019 SGD'000	30 September 2018 SGD'000
Bank loans	**610**	1,390
Trust receipt loans	**407**	500
Hire purchase	**18**	27
	1,035	1,917
Secured	**18**	505
Unsecured	**1,017**	1,412
	1,035	1,917
The carrying amounts of the above borrowings are repayable:		
On demand or within one year	**975**	1,683
Within a period of more than one year but not exceeding two years	**60**	176
Within a period of more than two years but not exceeding five years	**–**	58
	1,035	1,917
Less: Amounts due within one year shown under current liabilities	**(975)**	(1,683)
Amounts shown under non-current liabilities	**60**	234

As at 30 September 2018, in respect of bank loans of SGD478,000, the Group breached certain financial covenants contained in the respective bank facilities, including (1) declaration and payment of dividends and (2) Reorganisation, and these amounts were therefore classified as repayable on demand accordingly. The loan had been fully settled during the period.

21. BORROWINGS (Continued)

The Group's borrowings as at 31 August 2019 are secured and/or guaranteed by the following:

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

(ii) a motor vehicle as disclosed in Note 14.

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

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

(ii) a bank deposit of a director; and

(iii) a motor vehicle as disclosed in Note 14.

The Group's borrowings carry interest at fixed rate ranging from 6.75% to 10.98% per annum as at 31 August 2019 (30 September 2018: 5.30% to 10.38% per annum).

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

22. DEFERRED TAXATION

The following is the major deferred tax liabilities recognised and movements thereon during the current period/year:

	Accelerated tax depreciation SGD'000
At 1 October 2017	30
Charged to profit or loss *(Note 10)*	39
At 30 September 2018 and 1 October 2018	69
Charged to profit or loss *(Note 10)*	2
At 31 August 2019	71

The Group has unrecognised tax losses arising in Singapore and Malaysia of SGD308,000 and SGD171,000 (30 September 2018: SGD103,000 and SGD125,000), respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to, in the opinion of the management of the Group, unpredictability of future profit streams.

23. PROVISION FOR REINSTATEMENT COSTS

	SGD'000
At 1 October 2017	85
Provision recognised	90
Utilisation	(50)
At 30 September 2018 and 1 October 2018	125
Provision recognised	83
Utilisation	(9)
At 31 August 2019	199

	31 August 2019 SGD'000	30 September 2018 SGD'000
Analysed as:		
Current	**12**	9
Non-current	**187**	116
	199	125

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

24. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company are as follows:

	Number of shares	Share capital	Shown in the consolidated financial statements SGD'000
Ordinary shares of HK$0.01 each			
Authorised			
At the date of incorporation	38,000,000	HK$380,000	
Increases during the year ended 30 September 2018 *(Note i)*	3,962,000,000	HK$39,620,000	
At 30 September 2018, 1 October 2018 and 31 August 2019	4,000,000,000	HK$40,000,000	
Issued and fully paid			
At the date of incorporation *(Note 1(f))*	1	–	–
Issue of ordinary shares *(Note 1(h))*	9,999	HK$100	–
Capitalisation issue *(Note ii)*	299,990,000	HK$2,999,900	520
Issue of shares upon Listing *(Note iii)*	100,000,000	HK$1,000,000	174
At 30 September 2018, 1 October 2018 and 31 August 2019	400,000,000	HK$4,000,000	694

Notes:

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

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

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

25. SHARE OPTION SCHEMES

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

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

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

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

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

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

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

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption for the period from 1 October 2018 to 31 August 2019 (year ended 30 September 2018: Nil).

26. OPERATING LEASES ARRANGEMENT

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

	31 August 2019 SGD'000	30 September 2018 SGD'000
Within one year	**5,249**	3,500
In the second to fifth years, inclusive	**5,611**	4,222
	10,860	7,722

Leases are negotiated with monthly rental for an average of 3 years as at 31 August 2019 (30 September 2018: 3 years).

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

During the eleven-month ended 31 August 2019, the amount of contingent rental recognised as expenses was SGD118,000 (year ended 30 September 2018: SGD133,000) and the amount of basic rent recognised as expenses was SGD3,882,000 (year ended 30 September 2018: SGD3,475,000) in respect of rented premises.

27. CAPITAL COMMITMENTS

	31 August 2019 SGD'000	30 September 2018 SGD'000
Capital expenditure in respect of the leasehold improvements contracted for but not provided	**–**	328

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	As at 1 October 2018 SGD'000	Financing cash flows SGD'000	Non-cash changes SGD'000 *(Note i)*	As at 31 August 2019 SGD'000
Amounts due to non-controlling interests	41	32	–	73
Borrowings	1,917	(956)	74	1,035
Total liabilities from financing activities	1,958	(924)	74	1,108

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

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

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Other comprehensive income/(expense) allocated to non-controlling interests		Accumulated non-controlling interests	
		31 August 2019	30 September 2018	31 August 2019 SGD'000	30 September 2018 SGD'000	31 August 2019 SGD'000	30 September 2018 SGD'000	31 August 2019 SGD'000	30 September 2018 SGD'000
Kogane Yama Restaurants Pte. Ltd.	Singapore	**40%**	40%	**(3)**	(55)	**-**	–	**(17)**	(14)
K Food Master Holdings Sdn. Bhd.	Malaysia	**40%**	40%	**(117)**	(68)	**1**	3	**(119)**	(3)
				(120)	(123)	**1**	3	**(136)**	(17)

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

Kogane Yama Restaurants Pte. Ltd.

	31 August 2019 SGD'000	30 September 2018 SGD'000
Current assets	**376**	188
Non-current assets	**316**	394
Current liabilities	**706**	588
Non-current liabilities	**29**	29
Equity attributable to owner of the parent	**(26)**	(21)
Non-controlling interest	**(17)**	(14)

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

Kogane Yama Restaurants Pte. Ltd. (Continued)

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Income	**1,942**	1,431
Expenses	**(1,950)**	(1,568)
Loss and total comprehensive loss for the period/year	**(8)**	(137)
Loss and total comprehensive loss attributable to owner of the parent	**(5)**	(82)
Loss and total comprehensive loss attributable to non-controlling interest	**(3)**	(55)
Loss and total comprehensive loss for the period/year	**(8)**	(137)
Net cash inflow/(outflow) from operating activities	**29**	(12)
Net cash outflow from investing activities	**(375)**	(394)
Net cash inflow from financing activities	**400**	460
Net cash inflow	**54**	54

K Food Master Holdings Sdn. Bhd. and its subsidiary

	31 August 2019 SGD'000	30 September 2018 SGD'000
Current assets	**82**	74
Non-current assets	**356**	250
Current liabilities	**697**	332
Non-current liabilities	**38**	–
Equity attributable to owner of the parent	**(178)**	(5)
Non-controlling interest	**(119)**	(3)

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

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

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Income	**687**	628
Expenses	**(978)**	(798)
Loss for the period/year	**(291)**	(170)
Other comprehensive income for the period/year	**1**	6
Loss attributable to owner of the parent	**(174)**	(102)
Loss attributable to non-controlling interest	**(117)**	(68)
Loss for the period/year	**(291)**	(170)
Other comprehensive income attributable to owner of the parent	**–**	3
Other comprehensive income attributable to non-controlling interest	**1**	3
Other comprehensive income for the period/year	**1**	6
Total comprehensive loss attributable to owner of the parent	**(174)**	(99)
Total comprehensive loss attributable to non-controlling interest	**(116)**	(65)
Total comprehensive loss for the period/year	**(290)**	(164)
Net cash outflow from operating activities	**(47)**	(52)
Net cash outflow from investing activities	**(282)**	–
Net cash inflow from financing activities	**314**	45
Net cash outflow	**(15)**	(7)

30. RELATED PARTIES TRANSACTIONS

(a) In addition to the transactions or balances detailed elsewhere in these financial statements, the Group has entered into the following transactions with related parties during the period/year:

Name of related party	Nature of transaction	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000
Mr. Terence Lai	Rental income	–	168
	Miscellaneous income	–	6
Non-controlling interests	Royalty income	73	192

Mr. Terence Lai and Mr. Ho provided joint and several guarantees to fully guarantee the due observance and compliance of a tenancy agreement to the landlord for current period and prior year.

(b) **Compensation of key management personnel**

The directors of the Company were considered to be the key management personnel of the Group. The remuneration of the directors of the Company is set out in Note 11.

31. FINANCIAL INSTRUMENTS

a. **Categories of financial instruments**

	31 August 2019 SGD'000	30 September 2018 SGD'000
Financial assets		
Amortised cost	7,213	–
Loans and receivables (including cash and cash equivalents)	–	9,965
Financial liabilities		
Amortised cost	3,975	2,809

31. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, balances with the ultimate holding company, directors, related parties, non-controlling interests and borrowings. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

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

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

Currency risk

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

Credit risk

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

31. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Maximum exposure and year-end staging as at 31 August 2019

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 August 2019. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables*	–	–	–	1,229	1,229
Amount due from a director	578	–	–	–	578
Amount due from the ultimate holding company	22	–	–	–	22
Financial assets included other receivables, deposits and prepayments — Normal**	3,842	–	–	–	3,842
Bank balance and cash	1,542	–	–	–	1,542
	5,984	–	–	1,229	7,213

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 17 to financial statements.

** The credit quality of the financial assets at amortised costs, financial assets included in other receivables, deposits and prepayments is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

31. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Maximum exposure as at 30 September 2018

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

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

The Group also had concentration of credit risks from amounts due from directors and the ultimate holding company. The management of the Company considered the credit risk of the amounts due from these receivables were limited because they continuously monitor the quality and financial conditions of the directors and ultimate holding company.

The management considered that the credit risk on liquid funds was low as counterparties were banks with high credit ratings assigned by international credit-rating agencies.

31. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

The following table details the Group's contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The aggregate carrying amounts of bank loans of SGD478,000 (with aggregate undiscounted cash flows of SGD489,000) constituted an event of default as at 30 September 2018 are included in the "6 months or less or on demand" time band in the below maturity analysis. For the remaining financial liabilities, the tables include both interest and principal cash flows. The undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand or less than 6 months SGD'000	6–12 months SGD'000	1–2 years SGD'000	2–5 years SGD'000	Total undiscounted cash flows SGD'000
At 31 August 2019					
Trade and other payables	**1,607**	**–**	**–**	**–**	**1,607**
Amounts due to non-controlling interests	**73**	**–**	**–**	**–**	**73**
Borrowings – Fixed rate	**900**	**83**	**67**	**–**	**1,050**
	2,580	**83**	**67**	**–**	**2,730**
At 30 September 2018					
Trade and other payables	878	–	–	–	878
Amounts due to non-controlling interests	41	–	–	–	41
Borrowings – Fixed rate	1,594	117	187	61	1,959
	2,513	117	187	61	2,878

c. Fair value

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

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

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes amounts due to non-controlling interests disclosed in Note 20, borrowings disclosed in Note 21, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31 August 2019 SGD'000	30 September 2018 SGD'000
Non-current Assets		
Investment in subsidiaries	96	27
Due from a subsidiary	–	3,065
Total Non-current Assets	96	3,092
Current Assets		
Prepayments	18	58
Due from subsidiaries	58	–
Due from directors	305	305
Due from the ultimate holding company	9	10
Bank balances and cash	334	2,846
Total Current Assets	724	3,219
Current Liabilities		
Other payables and accruals	358	240
Due to subsidiaries	91	22
Total Current Liabilities	449	262
Net Current Assets	275	2,957
Net Assets	371	6,049
Equity		
Share capital	694	694
Reserves	(323)	5,355
Total Equity	371	6,049

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movement in the Company's reserves:

	Share premium SGD'000	Accumulated losses SGD'000	Total SGD'000
At 24 January 2018 (date of incorporation)	–	–	–
Loss and total comprehensive loss for the period	–	(3,961)	(3,961)
Issue of shares by capitalisation of share premium account	(520)	–	(520)
Issue of shares upon listing	12,383	–	12,383
Transaction costs attributable to issue of new shares	(2,547)	–	(2,547)
At 30 September 2018 and 1 October 2018	9,316	(3,961)	5,355
Loss and total comprehensive loss for the period	–	(5,678)	(5,678)
At 31 August 2019	9,316	(9,639)	(323)

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 November 2019.

Financial Summary

	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000	1 October 2016 to 30 September 2017 SGD'000	1 October 2015 to 30 September 2016 SGD'000
Revenue	**15,705**	15,418	13,851	9,219
(Loss)/profit before tax	**(3,494)**	(3,801)	1,924	1,309
Income tax credit/(expense)	**7**	(163)	(356)	(180)
(Loss)/profit for the period/year	**(3,487)**	(3,964)	1,568	1,129
Other comprehensive income/(loss)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in the subsequent period:				
Exchange differences on translation of foreign operations	**1**	6	(4)	–
Total comprehensive (loss)/income for the period/year	**(3,486)**	(3,958)	1,564	1,129
(Loss)/profit for the period/year attributable to:				
– Owners of the parent	**(3,367)**	(3,841)	1,610	1,129
– Non-controlling interests	**(120)**	(123)	(42)	–
	(3,487)	(3,964)	1,568	1,129
Total comprehensive (loss)/income attributable to:				
– Owners of the parent	**(3,367)**	(3,838)	1,608	1,129
– Non-controlling interests	**(119)**	(120)	(44)	–
	(3,486)	(3,958)	1,564	1,129

	31 August 2019 SGD'000	30 September 2018 SGD'000	30 September 2017 SGD'000	30 September 2016 SGD'000
Total assets	**12,881**	16,500	7,156	4,948
Total liabilities	**(4,501)**	(4,634)	(3,498)	(2,101)
	8,380	11,866	3,658	2,847
Equity attributable to:				
– Owners of the parent	**8,516**	11,883	3,555	2,847
– Non-controlling interests	**(136)**	(17)	103	–
	8,380	11,866	3,658	2,847

The summary of the consolidated results of the Group for the period from 1 October 2018 to 31 August 2019 and year ended 30 September 2018 and the consolidated assets and liabilities of the Group as at 30 September 2018 and 31 August 2019 have been extracted from this annual report.

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

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