



## INTERIM REPORT 2019/20

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



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## INTERIM RESULTS

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated financial statements of the Group for the three months and six months ended 29 February 2020 (the “**Period**” and the “**Unaudited Condensed Consolidated Financial Statements**”, respectively) together with comparative unaudited figures for the corresponding three months and six months period in 2019 (the “**Last Corresponding Period**”) and certain audited figures as at 31 August 2019 as follows:

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 29 FEBRUARY 2020

	Notes	Three months ended		Six months ended	
		29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000	29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000
Revenue	4	4,356	3,794	9,198	7,578
Other income	5	1	77	15	101
Other gains and losses, net	5	22	(17)	20	(336)
Cost of inventories consumed		(1,135)	(915)	(2,317)	(1,955)
Staff costs		(1,596)	(1,153)	(3,128)	(2,490)
Depreciation and amortisation		(1,369)	(282)	(2,666)	(562)
Rental and related expenses		(179)	(998)	(358)	(1,962)
Utility expenses		(146)	(107)	(274)	(224)
Marketing and advertising expenses		(83)	(87)	(213)	(219)
Franchise and licensing fees		(60)	(26)	(98)	(51)
Other expenses		(758)	(518)	(1,486)	(1,237)
Finance costs	6	(140)	(33)	(255)	(78)
Loss before tax	7	(1,087)	(265)	(1,562)	(1,435)
Income tax expense	8	(10)	(5)	(10)	(12)
Loss for the period		(1,097)	(270)	(1,572)	(1,447)
Loss per share	10				
Basic (SGD cents)		0.25	0.07	0.38	0.36

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 29 FEBRUARY 2020

	Three months ended		Six months ended	
	29 February	28 February	29 February	28 February
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Other comprehensive loss</b>				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(3)	(1)	(2)	(1)
Total comprehensive loss for the period	(1,100)	(271)	(1,574)	(1,448)
Loss for the period attributable to:				
Owners of the Company	(1,061)	(266)	(1,545)	(1,378)
Non-controlling interests	(36)	(4)	(27)	(69)
	(1,097)	(270)	(1,572)	(1,447)
Total comprehensive loss attributable to:				
Owners of the Company	(1,063)	(267)	(1,546)	(1,379)
Non-controlling interests	(37)	(4)	(28)	(69)
	(1,100)	(271)	(1,574)	(1,448)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2020

		<b>29 February 2020 (unaudited) SGD'000</b>	31 August 2019 (audited) SGD'000
	<i>Notes</i>		
<b>Non-current Assets</b>			
Plant and equipment	11	<b>5,091</b>	4,332
Right-of-use assets		<b>12,682</b>	–
Intangible assets		<b>1,259</b>	1,144
Rental and other deposits		<b>1,327</b>	1,139
		<b>20,359</b>	6,615
<b>Current Assets</b>			
Inventories		<b>76</b>	70
Trade receivables	12	<b>1,394</b>	1,229
Other receivables, deposits and prepayments		<b>2,620</b>	2,825
Due from directors		<b>622</b>	578
Due from the ultimate holding company		<b>19</b>	22
Bank balances and cash		<b>1,853</b>	1,542
		<b>6,584</b>	6,266
<b>Current Liabilities</b>			
Trade payables	13	<b>846</b>	646
Goods and services tax payables		<b>290</b>	314
Other payables and accruals		<b>2,164</b>	2,002
Provision for reinstatement costs		<b>12</b>	12
Due to non-controlling interests		<b>93</b>	73
Tax payable		<b>11</b>	26
Lease liabilities		<b>8,092</b>	–
Borrowings		<b>911</b>	975
		<b>12,419</b>	4,048
<b>Net Current (Liabilities)/Assets</b>		<b>(5,835)</b>	2,218
<b>Total Assets less Current Liabilities</b>		<b>14,524</b>	8,833

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2020

	29 February 2020 (unaudited) Notes	31 August 2019 (audited)
	SGD'000	SGD'000
<b>Non-current Liabilities</b>		
Provision for reinstatement costs	180	187
Deferred rental liabilities	–	135
Lease liabilities	4,829	–
Borrowings	28	60
Deferred taxation	71	71
	<u>5,108</u>	<u>453</u>
<b>Net Assets</b>	<u>9,416</u>	<u>8,380</u>
<b>Capital and Reserves</b>		
Share capital	14 764	694
Reserves	8,816	7,822
	<u>9,580</u>	<u>8,516</u>
Equity attributable to the owners of the Company	9,580	8,516
Non-controlling interests	(164)	(136)
	<u>9,416</u>	<u>8,380</u>
<b>Total Equity</b>	<u>9,416</u>	<u>8,380</u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2020

	Attributable to owners of the Company							Total SGD'000
	Share capital SGD'000	Share premium SGD'000	Capital reserve SGD'000	Retained profits/ accumulated losses SGD'000	Translation reserve SGD'000	Sub-total SGD'000	Non- controlling interests SGD'000	
As at 1 September 2019 (audited)	694	9,316	4,507	(6,002)	1	8,516	(136)	8,380
Loss for the period	-	-	-	(1,545)	-	(1,545)	(27)	(1,572)
Exchange differences arising on translation of foreign operations	-	-	-	-	(1)	(1)	(1)	(2)
Total comprehensive loss for the period	-	-	-	(1,545)	(1)	(1,546)	(28)	(1,574)
Capital contributions from non-controlling interests of a subsidiary	-	-	-	-	-	-	-*	-*
Issuance of Shares (Note)	70	2,594	(54)	-	-	2,610	-	2,610
<b>As at 29 February 2020 (unaudited)</b>	<b>764</b>	<b>11,910</b>	<b>4,453</b>	<b>(7,547)</b>	<b>-</b>	<b>9,580</b>	<b>(164)</b>	<b>9,416</b>
As at 1 September 2018 (unaudited)	694	9,316	4,507	(1,947)	2	12,572	6	12,578
Loss and total comprehensive loss for the period	-	-	-	(1,379)	-	(1,379)	(69)	(1,448)
<b>As at 28 February 2019 (unaudited)</b>	<b>694</b>	<b>9,316</b>	<b>4,507</b>	<b>(3,326)</b>	<b>2</b>	<b>11,193</b>	<b>(63)</b>	<b>11,130</b>

\* Balance is below SGD1,000

Note:

On 16 January 2020, a total of 40,000,000 new shares of the Company (the "Shares") have been successfully placed at the placing price of HK\$0.38 per placing share (the "Placing Shares") to not fewer than six placees (the "Placing"). The 40,000,000 Placing Shares represent (i) 10% of the existing issued share capital of the Company immediately before completion of the Placing; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares. Details of the Placing of Shares was set out in the Company's announcements dated 13 December 2019, 16 December 2019 and 16 January 2020.



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 29 FEBRUARY 2020

	<b>29 February 2020 (unaudited) SGD'000</b>	28 February 2019 (unaudited) SGD'000
<b>Net cash from operating activities</b>	<b>1,384</b>	96
<b>Net cash used in investing activities</b>	<b>(1,646)</b>	(820)
<b>Net cash from/(used in) financing activities</b>	<b>575</b>	(886)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>313</b>	(1,610)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,542</b>	7,710
<b>Effect of foreign exchange rate changes, net</b>	<b>(2)</b>	(1)
<b>Cash and cash equivalents at the end of the Period</b>	<b>1,853</b>	6,099

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

The Company is an investment holding company. Its subsidiaries are principally engaged in restaurant operations, sale of food and food ingredients and sub-franchising, licensing/sublicensing businesses in Singapore, the Federation of Malaysia ("**Malaysia**") and the Republic of Indonesia ("**Indonesia**").

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

## 2. BASIS OF PREPARATION AND PRESENTATION

The Unaudited Condensed Consolidated Financial Statements together with the comparative unaudited figures for the Corresponding Period (the "**Financial Information**") have been prepared in accordance with the accounting policies which conform with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of these Unaudited Condensed Consolidated Financial Statements are consistent with those adopted in the preparation of audited consolidated financial statements included in the annual report for the year ended 31 August 2019, except for the adoption of the new and revised HKFRSs (the "**New and Revised HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA that are adopted for the first time for the Unaudited Condensed Consolidated Financial Statements.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The adoption of HKFRS 16 Leases for the Period resulted in changes in accounting policies and adjustments to the amounts recognised in the Unaudited Condensed Consolidated Financial Statements. In accordance with the transitional provisions in HKFRS 16, the Group has elected to apply the new standard retrospectively with the cumulative effect of initial application recognised at 1 September 2019 without restating comparative information.

Before the application of HKFRS 16, commitments under operating leases for future periods were not recognized by the Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.

Upon application of HKFRS 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as operating leases if they meet certain criteria set out in HKFRS 16. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or the incremental borrowing rate of respective entities if the interest rate implicit to the lease cannot be determined.

At the inception of a contract that contain a lease component, as a lessee, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone price. The Group, as a lessee, assessed its leases for non-lease components and separated non-lease component from lease components for certain classes of assets if the non-lease components are material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. Depreciation is charged on a straight-line basis with interest on lease liabilities being charged to profit or loss over the shorter of the lease term or the asset's useful life.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

### 3. SEGMENT INFORMATION

The Group is principally engaged in restaurant operations, sale of food and food ingredients and sub-franchising, licensing/sub-licensing businesses. For the purposes of assessing performance and allocating resources, the Group’s operation is regarded as one reportable and operating segment which is restaurant operations. The chief operating decision makers (the “**CODMs**”), Mr. Lai Weijie, Terence (“**Mr. Terence Lai**”), an executive Director and the chairman of the Board, and Mr. Ho Zhi Yi, Levi (“**Mr. Ho**”), an executive Director and the Chief Executive Officer, review the results of the Group as a whole, as the CODMs consider that the sale of food and food ingredients and royalty income from sub-franchising and licensing/sublicensing businesses are relatively insignificant and are ancillary to the restaurant operations. Accordingly, no segmental analysis is presented.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 4. REVENUE

	Three months ended		Six months ended	
	29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000	29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000
Restaurant operations	4,215	3,595	8,850	7,386
Sales of food and food ingredients	78	136	222	66
Royalty income	63	63	126	126
	<b>4,356</b>	3,794	<b>9,198</b>	7,578

The following table presents revenue from external customers for the three months and six months ended 29 February 2020 and 2019 by geographic area:

	Three months ended		Six months ended	
	29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000	29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000
<b>Revenue from external customers</b>				
Singapore	4,250	3,624	8,939	7,216
Malaysia	91	154	229	332
Indonesia	15	16	30	30
	<b>4,356</b>	3,794	<b>9,198</b>	7,578

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

### 5a. Other income

	Three months ended		Six months ended	
	29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000	29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000
Government grants <i>(Note)</i>	–	68	14	75
Others	1	9	1	26
	<b>1</b>	<b>77</b>	<b>15</b>	<b>101</b>

Note:

The amount represents rewards or subsidies which were received in Singapore. There are no unfulfilled conditions or contingencies relating to these grants.

### 5b. Other gains and losses, net

	Three months ended		Six months ended	
	29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000	29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000
Exchange gain/(loss), net	22	(17)	20	(171)
Loss on written off of plant and equipment	–	–	–	(43)
Impairment loss of plant and equipment	–	–	–	(122)
	<b>22</b>	<b>(17)</b>	<b>20</b>	<b>(336)</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 6. FINANCE COSTS

	Three months ended		Six months ended	
	<b>29 February</b> <b>2020</b> <b>(unaudited)</b> <b>SGD'000</b>	28 February 2019 (unaudited) SGD'000	<b>29 February</b> <b>2020</b> <b>(unaudited)</b> <b>SGD'000</b>	28 February 2019 (unaudited) SGD'000
Interest on bank loans	<b>8</b>	18	<b>18</b>	28
Interest on early redemption of a bank loan	–	–	–	32
Interest on trust receipt loans	<b>7</b>	14	<b>13</b>	16
Interest on hire purchase	<b>1</b>	1	<b>2</b>	2
Interest on lease liabilities	<b>124</b>	–	<b>222</b>	–
	<b>140</b>	33	<b>255</b>	78

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. LOSS BEFORE TAX

	Three months ended		Six months ended	
	29 February	28 February	29 February	28 February
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Loss before tax has been arrived at after charging:				
Auditor's remuneration	60	28	89	96
Amortisation of intangible assets	20	18	35	33
Depreciation of plant and equipment	326	264	620	529
Depreciation of right-of-use assets	1,023	–	2,011	–
Directors' remuneration	175	218	403	390
Other staff costs				
– Salaries and allowances	1,342	875	2,566	1,964
– Retirement benefit contributions	79	60	159	136
	<b>1,421</b>	935	<b>2,725</b>	2,100



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 8. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	29 February	28 February	29 February	28 February
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Current tax				
– Singapore Corporate Income Tax	10	2	10	(13)
Deferred taxation	–	3	–	1
	<b>10</b>	<b>5</b>	<b>10</b>	<b>(12)</b>

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

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

## 9. DIVIDEND

The Board has resolved not to declare the payment of a dividend for the Period (2019: Nil).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 10. LOSS PER SHARE

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

<b>Three months ended</b>		<b>Six months ended</b>	
<b>29 February</b>	28 February	<b>29 February</b>	28 February
<b>2020</b>	2019	<b>2020</b>	2019
<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
<b>SGD'000</b>	SGD'000	<b>SGD'000</b>	SGD'000

### Loss:

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

<b>(1,061)</b>	(266)	<b>(1,545)</b>	(1,378)
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### Number of Shares:

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

<b>419,780,200</b>	400,000,000	<b>409,890,110</b>	400,000,000
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No diluted loss per share for the respective periods were presented as there were no potential dilutive ordinary Shares in issue for the Period and the Last Corresponding Period.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. PLANT AND EQUIPMENT

During the Period, the Group acquired plant and equipment of approximately SGD1,447,000 (2019: SGD806,000).

## 12. TRADE RECEIVABLES

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

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

	<b>As at 29 February 2020 (unaudited) SGD'000</b>	As at 31 August 2019 (audited) SGD'000
0 – 30 days	<b>1,362</b>	1,218
31 – 60 days	<b>4</b>	–
61 – 90 days	<b>4</b>	4
More than 90 days	<b>24</b>	7
	<b>1,394</b>	1,229

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 13. TRADE PAYABLES

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

	<b>As at 29 February 2020 (unaudited) SGD'000</b>	As at 31 August 2019 (audited) SGD'000
0 – 30 days	<b>366</b>	547
31 – 60 days	<b>294</b>	96
61 – 90 days	<b>138</b>	3
More than 90 days	<b>48</b>	–
	<b>846</b>	646

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 14. SHARE CAPITAL

	Number of Shares	Share Capital HK\$
Ordinary Shares of HK\$0.01 each		
<b>Authorised</b>		
<b>As at 29 February 2020 and 31 August 2019</b>	<b>4,000,000,000</b>	<b>40,000,000</b>
<b>Issued and fully paid</b>		
<b>As at 31 August 2019</b>	<b>400,000,000</b>	<b>4,000,000</b>
Issue of Shares during the Period ( <i>Note</i> )	40,000,000	400,000
<b>As at 29 February 2020</b>	<b>440,000,000</b>	<b>4,400,000</b>

\* Balance is below SGD1,000

*Note:*

During the Period, the Company issued 40,000,000 Placing Shares of par value HK\$0.01 each pursuant to the Placing at the price of HK\$0.38 per Placing Share.

## 15. RELATED PARTY TRANSACTIONS

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

	Six months ended 29 February 2020 (unaudited) SGD'000	28 February 2019 (unaudited) SGD'000
Royalty income from:		
Non-controlling interests	96	96

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECT

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

As at the date of this report, the Group had 16 self-operated restaurants and one central kitchen in total, including:

- three restaurants in Singapore and one 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 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 restaurants in Singapore under the self-developed brand “Kogane Yama” which offers Japanese premium tendon bowls and Japanese rice bowls;
- two restaurants in Singapore under the brand “Nipong Naepong” pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean fusion noodle restaurant chain;
- two 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;
- two restaurants in Singapore under the self-developed brand “Sora Boru” which is a fast-casual restaurant offering Japanese one bowl meal and donburi;
- two restaurants 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

Brand	Chir		Kogane	Nipong	NY	Sora	Kota	Total
	Chir	Masizzim	Yama	Naepong	Night Market	Boru	Zheng Zhong	
As at 31 August 2019	5	2	2	2	3	1	-	15
Additions (Note 1)	-	-	-	-	-	-	1	1
Closure (Note 2)	(1)	-	-	-	-	-	-	(1)
Conversion (Note 3)	-	-	-	-	(1)	1	-	-
As at 29 February 2020	4	2	2	2	2	2	1	15
Addition (Note 4)	-	-	-	-	-	-	1	1
As at the date of this report	4	2	2	2	2	2	2	16

Notes:

1. 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.
2. 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.
3. On 20 December 2019, the Group converted a self-operated restaurant under the brand "NY Night Market" which was located at #01-08 Westgate 3 Gateway Drive, Singapore 608352 to a self-operated restaurant under the self-developed brand "Sora Boru".
4. A self-operated restaurant under the brand "Kota Zheng Zhong" which is located at 68 Serangoon Garden Way, Singapore 555964 commenced operation on 5 March 2020.

As at the date of this report, the Group had also licensed the brand "Chir Chir" to the licensee in Indonesia (the "Indonesian Licensee") for operation of restaurants in Indonesia.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 good and convenient locations; (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 and food ingredients; and (iii) royalty income.

The majority of the revenue was derived from the operations of self-operated restaurants in Singapore and Malaysia. For the Period, the revenue generated from restaurant operations amounted to approximately SGD8.9 million, representing an increase of approximately 20.3% over that of approximately SGD7.4 million for the Last Corresponding Period. The increase was mainly attributable to (i) the full period operation of NY Night Market (Vivo), Sora Boru (313) and Chir Chir (JB); (ii) the commencement of a self-operated restaurant under the brand "Kota Zheng Zhong Bak Kut Teh" during the Period which is located at 15A Lorong Liput Singapore 277730 (Kota Zheng Zhong Bak Kut Teh (Holland Village)). The increase in revenue was slightly offset by the cessation of operation of a self-operated restaurant under the brand "Chir Chir" which was located at Lot 1.108.00, Level 1 Pavilion Kuala Lumpur, 168 Jalan Bukit Bintang, Kuala Lumpur 55100 on 15 September 2019.

Revenue from sales of food and food ingredients mainly represented revenue from (i) sales of food through the operation of Gangnam Kitchen which provides catering and delivery services of Korean and Japanese food to the customers in Singapore; and (ii) sales of food ingredients to the Indonesian Licensee. The revenue from sales of food and food ingredients increased from SGD66,000 for the Last Corresponding Period to approximately SGD222,000 for the Period. The increase was due to sourcing of new customers and a correction of reclassification of revenue made which had caused a lower amount in the Last Corresponding Period.



## MANAGEMENT DISCUSSION AND ANALYSIS

Royalty income represented the royalties from the Indonesian Licensee, Jaesan Food Holdings Sdn. Bhd. ("**Jaesan Food Holdings**") and Mr. Peh Kian Ghee ("**Mr. Peh**") pursuant to respective business partnership arrangements and sub-license arrangements which the Group has entered into. The revenue from royalty income remained constant for both period.

### Cost of inventories consumed

Cost of inventories consumed primarily consisted of the cost of the food ingredients and beverages used in the operations of the Group's self-operated restaurants and central kitchen in Singapore and Malaysia. Cost of inventories consumed increased from approximately SGD2.0 million for the Last Corresponding Period to approximately SGD2.3 million for the Period, representing an increase of approximately 15.0% as compared to that of the Last Corresponding Period. The increased was in line with the increased in revenue changes.

### Staff costs

Staff costs increased from approximately SGD2.5 million for the Last Corresponding Period to approximately SGD3.1 million for the Period, representing an increase of approximately 24.0% as compared to that of the Last Corresponding Period. The increase was mainly attributable to an increase in headcount of staff in view of the expansion of the Group's network of 1 new self-operated restaurant which was not operated in the Last Corresponding Period and the full period operation of 3 restaurants during the Period.

### Rental and related expenses

Rental and related expenses decreased from approximately SGD2.0 million for the Last Corresponding Period to approximately SGD0.4 million for the Period, representing a decrease of approximately 80.0% as compared to those of the Last Corresponding Period. The decrease in rental and related expenses was mainly attributable to the different accounting treatment of the new accounting standard HKFRS 16 Leases which became effective during the Period.

### Finance costs

The finance costs primarily consisted of interest expenses on bank loans, trust receipts loans, hire purchase and the interest on the lease liabilities. Finance costs increased from approximately SGD78,000 for Last Corresponding Period to approximately SGD255,000 for the Period, representing an increase of approximately 2.3 times. The increase was mainly arising from the interest on the lease liabilities which amounting to SGD222,000 during the Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Loss for the period

The Group recognised a loss of approximately SGD1.6 million for the Period, which was increased as compared to that of approximately SGD1.4 million for the Last Corresponding Period. Although the revenue had increased by approximately 21.1% due to higher number of restaurants, the operating costs increased to a larger extent than that of revenue. Other than factors discussed above, the loss was also attributed by the outbreak of Covid-19 in Singapore in late first quarter of year 2020, leading to the Singapore government mandating various measures since then to contain and control the spread of Covid-19 in Singapore. Accordingly, the Group has implemented various measures to support the Singapore government's efforts. These measures include inter alia, shortening the opening hours of the restaurants and social distancing resulting in the reduced utilization of the capacity of the restaurants. The expected economic impact of Covid-19 led to a significant drop in customer visits to the Group's restaurants. As a result, the Group's revenue and financial performance for the second quarter of the Period have been adversely impacted, leading to the financial deterioration for the Period. The Board is not able to anticipate the time for the resumption of business back to normal. The Board expects that so long the implementation of measures by the Singapore government as abovementioned remains in place and if the impact of Covid-19 subsists, the business, results of operation and financial performance would continue to be affected adversely. The Board is closely monitoring the current situation and will seek any further measures to minimise the losses.

## Capital Structure

The Shares were successfully listed on GEM on 13 August 2018. The Company completed the Placing of 40,000,000 Placing Shares on 16 January 2020. The capital structure of the Group comprises issued share capital and reserves.

## Liquidity and Financial Resources

The Group recorded net current liabilities of approximately SGD5.8 million as at 29 February 2020 (31 August 2019: net current assets SGD2.2 million).

As at 29 February 2020, the Group's current ratio was approximately 0.5 (31 August 2019: 1.5). 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 29 February 2020, the Group's gearing ratio was approximately 148.2% (31 August 2019: 13.2%). Gearing ratio is calculated based on total debt at the end of the year divided by total equity at the end of the year and multiplied by 100%. Total debt refers to all borrowings of the Group, which included amounts due to non-controlling interests, bank loans, trust receipt loans, hire purchase and lease liabilities. The increase in the Group's gearing ratio was mainly due to the recognition of the lease liabilities subsequent to the adoption of HKFRS 16 during the Period.

As at 29 February 2020, the Group's total borrowings amounted to approximately SGD939,000 (31 August 2019: SGD1,035,000) 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 29 February 2020 (31 August 2019: 6.75% to 10.98%).

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 investments 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 29 February 2020, the Group had capital commitments of approximately SGD66,000 (31 August 2019: Nil) in respect of the leasehold improvements.

## Future Plans for Material Investments or Capital Assets

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the Company's announcement dated 13 December 2019 and 16 January 2020 in respect of the intended use of proceeds from the Placing, the Group does not have other plans for material investments and capital assets.

## Contingent liabilities and pledge of assets

As at 29 February 2020, the Group did not have any significant contingent liabilities and pledge of assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The net proceeds from the Share Offer (as defined in the Prospectus), after deduction of the underwriting commission and actual expenses paid by the Company in connection therewith, were approximately HK\$38.7 million (equivalent to approximately SGD6.5 million). The Company intends to apply the net proceeds from the Share Offer (as defined in the Prospectus) in the same proportion and in the same manner as shown in the Prospectus.

An analysis of the utilisation of the net proceeds from the Share Offer (as defined in the Prospectus) during the Period is set out as below:

	Net proceeds allocated	Approximate % of net proceeds	Amount utilised as at 29 February 2020	Balance as at 29 February 2020	Notes
	HK\$'000	%	HK\$'000	HK\$'000	
(i) Growing the business by procuring new franchised brands	2,520	6.5	2,520	-	1
(ii) Developing more restaurant brands and strengthening the regional presence	22,470	58.1	22,470	-	2
(iii) Strengthening the marketing efforts	2,520	6.5	2,520	-	3
(iv) Enhancing operational efficiency by expanding the workforce	2,540	6.6	2,112	428	4
(v) Enhancing operational efficiency by upgrading the information technology system	1,860	4.8	1,626	234	5
(vi) Repayment of outstanding bank borrowings	5,300	13.7	5,300	-	6
Sub-total	37,210	96.2	36,548	662	
(vii) General working capital	1,470	3.8	1,470	-	
Total	38,680	100.0	38,018	662	

Notes:

*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.*

## MANAGEMENT DISCUSSION AND ANALYSIS

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 29 February 2020 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 and second shops commenced operation in November 2019 and March 2020.

Instead of opening one new restaurant under the brand "Nipong Naepong" and "Masizzim", The Group has changed the plan to open a new restaurant under a new self-developed brand "Sora Boru" and 2 new restaurants under a new brand, namely "Kota Zheng Zhong" which was under a cooperation arrangement with the owner which owns a Malaysian-style claypot herbal bak kut teh restaurant chain. The changed of plan is mainly due to the popularity of Japanese-style self ordering concept among youngsters and also to have a staple food menu to enhance our brands.

- (1) The Group identified and procured a new franchised brand "Bokkabolae" 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 teh restaurant chain. The first self-operated restaurant under the brand "Kota Zheng Zhong" commenced operation in Singapore on 13 November 2019, and the second self-operated restaurant commenced operation in Singapore on 5 March 2020.

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

The group has been awarded The Musi Halal Certificate issued in December 2019 for one of its restaurant Masizzim Westgate.

The Group continuously identifies suitable locations fulfilling its expected scale of operations expansion of its restaurant network, and targeted to open 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 and subsequent repayment of the monthly instalments of the remaining bank borrowings amounted to approximately HK\$1 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

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\$662,000 have been placed in licensed banks in Singapore and Hong Kong.

### Use of Proceeds from the Placing

The net proceeds from the Placing of the 40,000,000 new shares of the Company on 16 January 2020 (the "Placing"), after deduction of the relevant fees paid by the Company in connection therewith, were approximately HK\$14.8 million. The Company intends to apply the unutilised net proceeds from the Placing in the same proportion and in the same manner as shown in the announcement of the Company dated on 16 January 2020.

An analysis of the utilisation of the net proceeds during the Period is set out as below:

	Net proceeds allocated	Approximate % of net proceeds	Amount utilised as at 29 February 2020	Balance as at 29 February 2020	Notes
	HK\$'000	%	HK\$'000	HK\$'000	
(i) Refurbishing and converting certain existing stores	8,000	54.1	399	7,601	1
(ii) Enhancing the capital for developing and bringing in new brands	2,200	14.9	856	1,344	2
(iii) General working capital	4,600	31.0	3,835	765	
<b>Total</b>	<b>14,800</b>	<b>100.0</b>	<b>5,090</b>	<b>9,710</b>	

Notes:

- (1) The Group has converted a self-operated restaurant under the brand "NY Night Market" which was located at #01-08 Westgate 3 Gateway Drive, Singapore 608352 to a self-operated restaurant under the self-developed brand "Sora Boru" in December 2019, and subsequently incurred relevant refurbishment expenses in connection therewith.
- (2) The Group identified and procured a new franchised brand "Kota Zheng Zhong Bak Kut Teh" with a tenure of 9 years.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 29 February 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required to be (i) 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) recorded in the register referred to therein pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, 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	49.32%
Mr. Yeap (Note 2)	Interest held jointly with another person	216,990,000	49.32%
Mr. Ho (Note 2)	Interest held jointly with another person	216,990,000	49.32%
Mr. Tan (Note 2)	Interest held jointly with another person	216,990,000	49.32%
Mr. Ng (Note 2)	Interest held jointly with another person	216,990,000	49.32%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

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

\* The percentage represents the total number of the Shares and the underlying Shares, if any, interested divided by the number of issued Shares of 440,000,000 as at 29 February 2020.

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

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

Notes:

- (1) All interests stated are long positions.
- (2) Canola is a direct shareholder of the Company (the "**Shareholder**") and is an associated corporation within the meaning of Part XV of the SFO.

Save as disclosed above, as at 29 February 2020, 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 to be (i) 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) recorded in the register referred to therein pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 29 February 2020, so far as is known to the Directors, the following entity or persons, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

#### Long Position in the Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares interested or held (Note 1)	Approximate percentage of the Company's issued Shares*
Canola	Beneficial owner	216,990,000	49.32%
Ms. Ong Hui Hui (" <b>Ms. Ong</b> ") (Note 2)	Interest of spouse	216,990,000	49.32%
Ms. Teo Yan Qi Sharon (" <b>Ms. Teo</b> ") (Note 3)	Interest of spouse	216,990,000	49.32%
Mr. Derek Lai (Note 4)	Interest held jointly with another person	216,990,000	49.32%
Mr. Lam Wing Chak Victor	Beneficial owner	31,221,470	7.10%

Notes:

- (1) All interests stated are long positions.
- (2) Mr. Terence Lai, Mr Yeap, Mr. Ho, Mr. Tan and Mr. Ng are directors of Canola.
- (3) 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.
- (4) Ms. Teo is the spouse of Mr. Tan and she is deemed to be interested in all the Shares which are beneficially owned and deemed to be held by Mr. Tan under the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (5) 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 approximately 54.25% to 49.32% after the new shares issued on 16 January 2020.

\* The percentage represents the number of Shares interested divided by the number of issued Shares of 440,000,000 as at 29 February 2020.

### Interests in issued voting shares of other members of the Group

Name of shareholders	Name of members of the Group	Capacity/ Nature of interest	Number of ordinary share(s) (Note 1)	Percentage of shareholding
Mr. Peh	Kogane Yama Restaurants Pte. Ltd.	Beneficial owner	400	40%
Jaesan Food Holding (Note 2)	K Food Master Holdings Sdn. Bhd.	Beneficial owner	200,000	40%
Southern Enterprise (Note 3)	Kota Bak Kut Teh (SG) Pte. Ltd.	Beneficial owner	10	10%
Mr. Tan	Kota Bak Kut Teh (SRG) Pte. Ltd.	Beneficial owner	20	20%

Notes:

- (1) All interests stated are long positions.
- (2) Jaesan Food Holdings is owned as to 27.83% by Mr. Lawrence Tan Wee Ee, 22.32% by Mr. Rodney Tay Peng-Liang, 22.32% by Mr. Shenton Yap Wen-Howe, 14.88% by Ms. Alisa Khoo, 4.65% by Mr. Kenneth Kok Tsing Kuan and 8% by Low Teck Hoe.
- (3) Southern Enterprise is owned as to 100% by Ms. Hong BingMei.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 29 February 2020, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under section 336 of the SFO.

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

During the Period, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

### SHARE OPTION SCHEME

The Company had conditionally adopted a share option scheme (the **"Share Option Scheme"**) on 23 July 2018 (the **"Adoption Date"**), which became effective upon the commencement of dealings of the Shares on the Stock Exchange on the Listing Date. Under the Share Option Scheme, the Company may grant options to eligible participants, including Directors and full-time employees of and advisers and consultants to the Group. No share option has been granted by the Company or agreed to be granted under the Share Option Scheme since the Adoption Date and up to the date of this report. Therefore, no share options lapsed or were exercised or cancelled during the Period and there were no outstanding share options as at 29 February 2020.

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

### COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the **"Required Standard of Dealings"**) as rules governing securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings during the Period.

### CORPORATE GOVERNANCE CODE

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

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

### INTEREST OF THE COMPLIANCE ADVISER

Company has appointed Lego Corporate Finance Limited ("**Lego**") as the compliance adviser of the Company (the "**Compliance Adviser**") pursuant to Rule 6A.19 of the GEM Listing Rule. As at 29 February 2020, as notified by Lego, save for the compliance adviser agreement dated 10 February 2018 and entered into between the Company and Lego regarding the receipt of fees for acting as the Compliance Adviser, neither Lego nor its directors or employees or close associates (as defined under the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options and rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### EVENT AFTER THE REPORTING PERIOD

As disclosed in the profit warning announcement of the Company dated 31 March 2020 the ("**Announcement**"), the outbreak of Covid-19 in Singapore in late first quarter of 2020, led to the Singapore government mandating various measures since then to contain and control the spread of Covid-19 in Singapore.

As at the date of this report, other than the measures disclosed in the Announcement that affected the Company, the Singapore Government had further strengthened its measures against COVID-19 on 3 April 2020 amid concerns of escalating infections, including closing all workplaces for a month starting from 7 April 2020 to 4 May 2020 except for those offering essential services, including the sale of health and food items.

The following are operating guidelines for F&B outlets, food retailers and food suppliers in Singapore:

F&B outlets including restaurants, hawker centres, coffee shops and food courts will be allowed to remain open. However, they are required to adhere to safe distancing measures such as ensuring that patrons are standing or seated 1m apart from each other.

Customers are no longer allowed to dine at these places. They can only order their food for takeaway, to be eaten at home. They may also opt to order food to be delivered to their homes, including via third-party delivery platforms.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Group expects that these measures and the continuous outbreak of COVID-19 will negatively affect the operational and financial performance of the Group, and the Group will closely monitor the situation and take appropriate actions as and when necessary.

### AUDIT COMMITTEE

The Audit Committee was established on 23 July 2018 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provisions C.3.3 and C.3.7 of the CG Code. The Audit Committee comprises all the three independent non-executive Directors (the “INEDs”), namely Mr. Chow Wai San (“**Mr. Chow**”), Mr. Law Chung Lam, Nelson and Mr. Choo Zheng Xi, and the non-executive Director (the “**NED**”), Mr. Ng. Mr. Chow is the chairman of the Audit Committee. The principal duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of the Independent Auditor, to review and supervise the financial reporting process and internal control system of the Group, and to review the Group’s financial information and the relationship with the Independent Auditor.

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

### APPRECIATIONS

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

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

Singapore, 14 April 2020

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