

KGroup Holdings Limited

千盛集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8475

Interim Report

2020/21



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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 28 February 2021 (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 2020 (the “**Last Corresponding Period**”) and certain audited figures as at 31 August 2020 as follows:

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 28 FEBRUARY 2021

| | Notes | Three months ended | | Six months ended | |
|--|-------|---|---|---|---|
| | | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 |
| Revenue | 4 | 4,644 | 4,356 | 9,107 | 9,198 |
| Other income | 5 | 727 | 1 | 1,349 | 15 |
| Other gains/(losses), net | 5 | (77) | 22 | (78) | 20 |
| Cost of inventories consumed | | (1,271) | (1,135) | (2,476) | (2,317) |
| Staff costs | | (1,550) | (1,596) | (2,967) | (3,128) |
| Depreciation and amortisation | | (1,438) | (1,369) | (2,821) | (2,666) |
| Rental and related expenses | | (244) | (179) | (426) | (358) |
| Utility expenses | | (144) | (146) | (279) | (274) |
| Marketing and advertising expenses | | (63) | (83) | (141) | (213) |
| Franchise and licensing fees | | (76) | (60) | (134) | (98) |
| Other operating expenses | | (746) | (758) | (1,439) | (1,486) |
| Finance costs | 6 | (173) | (140) | (333) | (255) |
| Loss before tax | 7 | (411) | (1,087) | (638) | (1,562) |
| Income tax expense | 8 | - | (10) | - | (10) |
| Loss for the period | | (411) | (1,097) | (638) | (1,572) |
| Loss per share attributable to ordinary equity holders of the parent | 10 | | | | |
| Basic and diluted (SGD cents) | | 0.10 | 0.25 | 0.15 | 0.38 |

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 28 FEBRUARY 2021

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 |
| Other comprehensive (loss)/income | | | | |
| <i>Item that may be subsequently reclassified to profit or loss in the subsequent period:</i> | | | | |
| Exchange differences arising on translation of foreign operations | 2 | (3) | (4) | (2) |
| Total comprehensive loss for the period | (409) | (1,100) | (642) | (1,574) |
| Loss for the period attributable to: | | | | |
| Owners of the parent | (428) | (1,061) | (644) | (1,545) |
| Non-controlling interests | 17 | (36) | 6 | (27) |
| | (411) | (1,097) | (638) | (1,572) |
| Total comprehensive loss attributable to: | | | | |
| Owners of the parent | (427) | (1,063) | (646) | (1,546) |
| Non-controlling interests | 18 | (37) | 4 | (28) |
| | (409) | (1,100) | (642) | (1,574) |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021

| | | 28 February 2021 (unaudited) SGD'000 | 31 August 2020 (audited) SGD'000 |
|--|--------------|---|---|
| | <i>Notes</i> | | |
| Non-current Assets | | | |
| Plant and equipment | 11 | 3,862 | 3,864 |
| Right-of-use assets | | 10,365 | 10,300 |
| Intangible assets | | 1,053 | 1,086 |
| Rental and other deposits | | 1,480 | 1,159 |
| Deposits paid for acquisition of plant and equipment | | – | 474 |
| Total Non-current Assets | | 16,760 | 16,883 |
| Current Assets | | | |
| Inventories | | 54 | 35 |
| Trade receivables | 12 | 160 | 115 |
| Other receivables, deposits and prepayments | | 655 | 854 |
| Due from directors | | 299 | 469 |
| Due from the ultimate holding company | | 19 | 25 |
| Cash and bank balances | | 962 | 1,415 |
| Total Current Assets | | 2,149 | 2,913 |
| Current Liabilities | | | |
| Trade payables | 13 | 952 | 755 |
| Goods and services tax payables | | 393 | 379 |
| Other payables and accruals | | 2,866 | 3,504 |
| Due to non-controlling interests | | 94 | 93 |
| Borrowings | | 691 | 749 |
| Lease liabilities | | 2,621 | 3,423 |
| Tax payable | | 13 | 13 |
| Total Current Liabilities | | 7,630 | 8,916 |
| Net Current Liabilities | | (5,481) | (6,003) |
| Total Assets less Current Liabilities | | 11,279 | 10,880 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021

| | 28 February 2021 (unaudited) | 31 August 2020 (audited) |
|---|---|--------------------------------|
| <i>Notes</i> | SGD'000 | SGD'000 |
| Non-current Liabilities | | |
| Lease liabilities | 8,646 | 7,617 |
| Deferred taxation | 34 | 34 |
| Provision for reinstatement costs | 214 | 202 |
| | <hr/> | <hr/> |
| Total Non-current Liabilities | 8,894 | 7,853 |
| | <hr/> | <hr/> |
| Net Assets | 2,385 | 3,027 |
| | <hr/> | <hr/> |
| Capital and Reserves | | |
| Share capital | 764 | 764 |
| Reserves | 2,311 | 2,957 |
| | <hr/> | <hr/> |
| Equity attributable to the owners of the parent | 3,075 | 3,721 |
| Non-controlling interests | (690) | (694) |
| | <hr/> | <hr/> |
| Total Equity | 2,385 | 3,027 |
| | <hr/> | <hr/> |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

| | Attributable to owners of the parent | | | | | | Non-controlling interests SGD'000 | Total equity SGD'000 |
|---|--------------------------------------|--------------------------|----------------------------|-------------------------------|--------------------------------|----------------------|--------------------------------------|-------------------------|
| | Share capital SGD'000 | Share premium SGD'000 | Capital reserve SGD'000 | Accumulated losses SGD'000 | Translation reserve SGD'000 | Sub-total SGD'000 | | |
| At 1 September 2020 (audited) | 764 | 11,853* | 4,507* | (13,407)* | 4* | 3,721 | (694) | 3,027 |
| Loss for the period | - | - | - | (644) | - | (644) | 6 | (638) |
| Exchange differences on translation of foreign operations | - | - | - | - | (2) | (2) | (2) | (4) |
| Total comprehensive (loss)/income for the period | - | - | - | (644) | (2) | (646) | 4 | (642) |
| At 28 February 2021 (unaudited) | 764 | 11,853* | 4,507* | (14,051)* | 2* | 3,075 | (690) | 2,385 |
| 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 on translation of foreign operations | - | - | - | - | (1) | (1) | (1) | (2) |
| Total comprehensive loss for the period | - | - | - | (1,545) | (1) | (1,546) | (28) | (1,574) |
| Issuance of Share (Note) | 70 | 2,594 | - | - | - | 2,664 | - | 2,664 |
| Share issue expenses (Note) | - | (57) | - | - | - | (57) | - | (57) |
| At 29 February 2020 (unaudited) | 764 | 11,853 | 4,507 | (7,547) | - | 9,577 | (164) | 9,413 |

* These reserve amounts comprise the consolidated other reserves of SGD2,311,000 (31 August 2020: SGD2,957,000) in the unaudited condensed consolidated statement of financial position.

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 28 FEBRUARY 2021

| | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 |
|---|---|---|
| Net cash from operating activities | 1,906 | 1,384 |
| Net cash used in investing activities | (143) | (1,646) |
| Net cash used in financing activities | (2,212) | 575 |
| Net decrease in cash and cash equivalents | (449) | 313 |
| Cash and cash equivalents at the beginning of the period | 1,415 | 1,542 |
| Effect of foreign exchange rate changes, net | (4) | (2) |
| Cash and cash equivalents at the end of the Period | 962 | 1,853 |

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 ingredients and sub-franchising, licensing/sublicensing businesses in Singapore 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 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, the disclosure requirements of the Hong Kong Companies Ordinance 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 2020, 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.

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 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**”) of the Group will monitor the results of the Group in restaurant operations as a whole, as the CODMs consider that the sale of food ingredients and provision of franchise and royalty services 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 | |
|--|---|---|---|---|
| | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 |
| Restaurant operations | 4,619 | 4,215 | 9,059 | 8,850 |
| Sales of food ingredients | 10 | 78 | 18 | 222 |
| Provision of franchise and royalty services | 15 | 63 | 30 | 126 |
| | 4,644 | 4,356 | 9,107 | 9,198 |

Geographical information

The Group's restaurant operations and sale of food ingredients are located in Singapore, while the sub-franchising, licensing/sub-licensing businesses are located in Indonesia. The restaurant operation in the Federation of Malaysia ("Malaysia") ceased its operation in March 2020. Certain licensing/sub-licensing businesses in Singapore and Malaysia have also ceased in January 2020.

Information about the Group's revenue from external customers is presented based on the location of the customers:

| | Three months ended | | Six months ended | |
|-----------|---|---|---|---|
| | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 |
| Singapore | 4,629 | 4,250 | 9,077 | 8,939 |
| Malaysia | - | 91 | - | 229 |
| Indonesia | 15 | 15 | 30 | 30 |
| | 4,644 | 4,356 | 9,107 | 9,198 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

5a. Other income

| | Three months ended | | Six months ended | |
|---------------------------------------|---|---|---|---|
| | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 |
| Government grants ^(Note 1) | 453 | – | 732 | 14 |
| Others ^(Note 2) | 274 | 1 | 617 | 1 |
| | 727 | 1 | 1,349 | 15 |

Notes:

- (1) Job support scheme ("JSS") that introduced by the Singapore Government to support local businesses during the COVID-19 pandemic.
- (2) Rebate on rental and property tax for the three months and six months ended amounting to approximately SGD 238,000 and SGD 569,000 respectively. This is part of the measures introduced by Singapore Government to support local businesses during the COVID-19 pandemic.

5b. Other gains/(losses), net

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 |
| Exchange (loss)/gain, net | (3) | 22 | (4) | 20 |
| Impairment of trade and other receivables | (74) | – | (74) | – |
| | (77) | 22 | (78) | 20 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

| | Three months ended | | Six months ended | |
|---------------------------------|---|---|---|---|
| | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 |
| Interest on bank loans | 2 | 8 | 5 | 18 |
| Interest on trust receipt loans | 5 | 7 | 10 | 13 |
| Interest on hire purchase | 1 | 1 | 2 | 2 |
| Interest on lease liabilities | 165 | 124 | 316 | 222 |
| | 173 | 140 | 333 | 255 |

7. LOSS BEFORE TAX

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 | 28 February 2021 (unaudited) SGD'000 | 29 February 2020 (unaudited) SGD'000 |
| The Group's loss before tax is arrived at after charging: | | | | |
| Auditor's remuneration | 31 | 60 | 62 | 89 |
| Amortisation of intangible assets | 16 | 20 | 33 | 35 |
| Depreciation of plant and equipment | 409 | 326 | 792 | 620 |
| Depreciation of right-of-use assets | 1,012 | 1,023 | 1,996 | 2,011 |
| Directors' remuneration | 175 | 175 | 341 | 403 |
| Other staff costs | | | | |
| – Salaries and allowances | 1,266 | 1,342 | 2,414 | 2,566 |
| – Retirement benefit contributions | 109 | 79 | 212 | 159 |
| | 1,375 | 1,421 | 2,626 | 2,725 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

| | Three months ended | | Six months ended | |
|----------------------------------|---------------------------|-------------|-------------------------|-------------|
| | 28 February | 29 February | 28 February | 29 February |
| | 2021 | 2020 | 2021 | 2020 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| | SGD'000 | SGD'000 | SGD'000 | SGD'000 |
| Current tax | | | | |
| – Singapore Corporate Income Tax | – | 10 | – | 10 |
| Deferred taxation | – | – | – | – |
| | – | 10 | – | 10 |

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

No dividend was paid or proposed during the Period (three months and six months ended 29 February 2020: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted loss based on:

| Three months ended | | Six months ended | |
|--------------------|-------------|------------------|-------------|
| 28 February | 29 February | 28 February | 29 February |
| 2021 | 2020 | 2021 | 2020 |
| (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| SGD'000 | SGD'000 | SGD'000 | SGD'000 |

Loss:

Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculations

| | | | |
|--------------|---------|--------------|---------|
| (428) | (1,061) | (644) | (1,545) |
|--------------|---------|--------------|---------|

Shares:

Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation

| | | | |
|--------------------|-------------|--------------------|-------------|
| 440,000,000 | 419,780,200 | 440,000,000 | 409,890,110 |
|--------------------|-------------|--------------------|-------------|

Diluted loss per share is the same as basic loss per share as there was no potential dilutive ordinary shares in issue for the Period and 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 SGD790,000 (29 February 2020: SGD1,447,000).

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 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.

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:

| | As at 28 February 2021 (unaudited) SGD'000 | As at 31 August 2020 (audited) SGD'000 |
|--------------|---|--|
| 0 – 30 days | 160 | 84 |
| 31 – 60 days | – | 1 |
| 61 – 90 days | – | 28 |
| Over 90 days | – | 2 |
| | 160 | 115 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE PAYABLES

Trade payables are normally settled upon delivery or 30 to 60-day terms.

An ageing analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

| | As at 28 February 2021 (unaudited) SGD'000 | As at 31 August 2020 (audited) SGD'000 |
|--------------|---|---|
| 0 – 30 days | 371 | 376 |
| 31 – 60 days | 354 | 321 |
| 61 – 90 days | 133 | 8 |
| Over 90 days | 94 | 50 |
| | 952 | 755 |

14. SHARE CAPITAL

| | Number of Shares | Share Capital HK\$ |
|--|-----------------------------|-----------------------------------|
| Ordinary Shares of HK\$0.01 each | | |
| Authorised | | |
| At 28 February 2021 and 31 August 2020 | 4,000,000,000 | 40,000,000 |
| Issued and fully paid | | |
| At 28 February 2021 and 31 August 2020 | 440,000,000 | 4,400,000 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 | |
|---------------------------|-------------------------|-------------|
| | 28 February | 29 February |
| | 2021 | 2020 |
| | (unaudited) | (unaudited) |
| | SGD'000 | SGD'000 |
| Royalty income from: | | |
| Non-controlling interests | - | 96 |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group is a multi-brand restaurant group headquartered in Singapore, of which restaurants 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 and Indonesia.

At the date of this report, the Group had 15 self-operated restaurants and one central kitchen in total, including:

- three restaurants in Singapore 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;
- one restaurant 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;
- one restaurant in Singapore under the self-developed brand “The Chir Café and Bar” which is a Korean lifestyle and brunch café that offering Korean -fusion menu, brunch menu to all-day pastas and to hearty dinner dishes; 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 | The Chir | Total |
|--|------|----------|--------|---------|--------|--------|------|-------|-------|------------|-------|
| | Chir | Masizzim | Yama | Naepong | Night | Market | Boru | Zheng | Zhong | Café + Bar | |
| As at 31 August 2020 | 3 | 2 | 2 | 2 | 2 | | 2 | 2 | 2 | - | 15 |
| Additions (Note 1) | - | - | - | - | - | | - | - | - | 1 | 1 |
| Closure (Note 2) | - | - | - | - | - | | (1) | - | - | - | (1) |
| As at 28 February 2021 and the date of this report | 3 | 2 | 2 | 2 | 2 | | 1 | 2 | 2 | 1 | 15 |

Notes:

1. A self-operated restaurant under the brand "The Chir Café + Bar" which is located at 26A/26C Lorong Mambong, Holland Village Singapore 277685 commenced operation on 26 December 2020.
2. On 24 January 2021, the Group ceased operation of a self-operated restaurant under the brand "Sora Boru" which was located #01-08 Westgate 3 Gateway Drive, Singapore 608352 because of its decline in operating results.

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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) Provision of franchise and royalty services.

Restaurant operations

The majority of the revenue was derived from the operations of self-operated restaurants in Singapore. The revenue generated from restaurant operations amounted to approximately SGD9.1 million and SGD8.9 million for the Period and Last Corresponding Period, respectively, representing an increase of approximately 2.2% from the Last Corresponding Period to the Period. The increase was mainly attributable to (i) the full period operation of Kota Zheng Zhong Bak Kut Teh (Holland Village); (ii) the commencement and full period operation of Kota Zheng Zhong Bak Kut Teh (Serangoon); and (iii) the commencement of "The Chir Café and Bar" during the Period which is located at 26A/26C Lorong Mambong, Holland Village Singapore 277685. The increase in revenue was slightly offset by the cessation of operation of self-operated restaurants under the brand "Chir Chir" and "Sora Boru" which were located at The Mega Mall Southkey, LG-054 Jalan Tok Siak, Kampung Tok Siak, 81100 Johor Bahru, Johor, Malaysia and #01-08 Westgate 3 Gateway Drive, Singapore 608352 on 26 March 2020 and 24 January 2021 respectively.

Sales of food ingredients

Revenue from sales of 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. The revenue from sales of food ingredients decreased from approximately SGD222,000 for the Last Corresponding Period to approximately SGD18,000 for the Period. The decrease was attributable to the measures implemented by Singapore Government to combat with COVID-19 pandemic.



MANAGEMENT DISCUSSION AND ANALYSIS

Provision of franchise and royalty services

Provision of franchise and royalty services 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 decreased to approximately SGD30,000 for the Period from approximately SGD126,000 for the Last Corresponding Period, representing a decrease of approximately 76.2%. The decrease was mainly attributable to suspension of restaurant operation of the licensees resulted from the outbreak of COVID-19 which had a significant impact on global economies. Further, its also due to the cessation of business partnership arrangements with Jaesan Food Holdings and Mr. Peh in January 2020.

Cost of inventories consumed

Cost of inventories consumed primarily consisted of the cost of the food ingredients, beverages and packaging materials used in the operations of the Group's self-operated restaurants and central kitchen in Singapore and Malaysia. During the Period, the Group's had (i) incurred additional direct cost that arising from online platform delivery and transaction fee; and (ii) increasing consumption of packaging material that arising due to the substantial increase of online delivery sales as compared to the Last Corresponding Period which was due to the measures implemented by Singapore Government to combat with COVID-19 pandemic.

This had led to cost of inventories consumed increased from approximately SGD2.3 million for the Last Corresponding Period to approximately SGD2.5 million for the Period, representing an increase of approximately 8.7% as compared to that of the Last Corresponding Period.

Staff costs

Staff costs decreased from approximately SGD3.1 million for the Last Corresponding Period to approximately SGD3.0 million for the Period, representing a decrease of approximately 3.2% as compared to that of the Last Corresponding Period. The decrease was mainly attributable to (i) pay cut policy implemented across all level; (ii) restructuring of the remuneration package of operation staff; and (iii) reduction in manpower.

Rental and related expenses

Rental and related expenses increased from approximately SGD358,000 for the Last Corresponding Period to approximately SGD426,000 for the Period, representing an increase of approximately 19.0% as compared to those of the Last Corresponding Period. The increased was inline with the commencement of new restaurants during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Other expenses

Other expenses primarily consisted of service fee paid to third party delivery platforms, credit card commissions, cleaning expenses, legal and professional fees, travelling expenses, and other miscellaneous administrative expenses. Other expenses decrease from approximately SGD1.5 million for Last Corresponding Period to approximately SGD1.4 million for the Period, representing a decrease of approximately 6.7% as compared to that of the Last Corresponding Period. The decrease of such expenses was mainly attributable to the decrease in legal and professional fee during the Period.

Finance costs

Finance costs primarily consisted of interest expenses on bank loans, trust receipts loans, hire purchase and the lease liabilities. Finance costs increased from approximately SGD255,000 for Last Corresponding Period to approximately SGD333,000 for the Period, representing an increase of approximately 30.6%. The increase was mainly arising from the interest on the lease liabilities which amounted to SGD94,000. The increase was attributable to the adjustment of discount rate used in the accounting of lease liabilities in accordance to HKFRS 16 Leases and the inclusion of the leases for the new restaurants commenced during the Period.

Loss for the period

The Group recognised a loss of approximately SGD638,000 for the Period, which decreased as compared to that of approximately SGD1,572,000 for the Last Corresponding Period. Such decrease in loss was mainly attributable the increase in other income whereby the Group received JSS government grant and rebate on rental and property tax that granted from Singapore Government to the landlord during this pandemic which amounted to SGD732,000 and SGD569,000, respectively as disclosed under the Note 5.

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 SGD5.5 million as at 28 February 2021 (31 August 2020: net current liabilities SGD6.0 million).

As at 28 February 2021, the Group's current ratio was approximately 0.3 (31 August 2020: 0.3). 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 28 February 2021, the Group's gearing ratio was approximately 32.9% (31 August 2020: 27.8%). 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

MANAGEMENT DISCUSSION AND ANALYSIS

of the Group, which included amounts due to non-controlling interests, bank loans, trust receipt loans and hire purchase. The increase in the Group's gearing ratio was mainly due to the increase in loss for the Year, whilst the total debts of the Group remained stable.

As at 28 February 2021, the Group's total borrowings amounted to approximately SGD691,000 (31 August 2020: SGD749,000) 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 3.50% to 7.25% per annum as at 28 February 2021 (31 August 2020: 3.50% to 7.25%).

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 28 February 2021, the Group had capital commitments of approximately SGDNil (31 August 2020: SGD128,000) in respect of the leasehold improvements.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus 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 28 February 2021, the Group did not have any significant contingent liabilities and pledge of assets (31 August 2020: Nil).

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.

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 28 February 2021 | Balance as at 28 February 2021 | Notes |
|---|---------------------------|-------------------------------------|---|--------------------------------------|-------|
| | HK\$'000 | % | HK\$'000 | HK\$'000 | |
| (i) Refurbishing and converting certain existing stores | 8,000 | 54.1 | 8,000 | - | 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 | 4,600 | - | |
| Total | 14,800 | 100.0 | 13,456 | 1,344 | |

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.

The unutilised net proceeds from the Placing is expected to be fully utilised in June 2022. The management will constantly evaluate the Group's business objectives and may change or modify the plans in light of the changing market conditions to ascertain the business growth of the Group.

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 28 February 2021, 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) 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 | 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 28 February 2021.

(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 28 February 2021, 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 28 February 2021, 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 (" Ms. Ong ") (Note 3) | Interest of spouse | 216,990,000 | 49.32% |
| Ms. Teo Yan Qi Sharon (" Ms. Teo ") (Note 4) | Interest of spouse | 216,990,000 | 49.32% |
| Mr. Derek Lai (Note 5) | 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.
- (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 28 February 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests in issued voting shares of other members of the Group

| Name of shareholders | Name of members of the Group | Capacity/ Nature of interest | Number of ordinary share(s) (Note 1) | Approximate percentage of shareholding |
|---------------------------------|-----------------------------------|---------------------------------|---|--|
| Mr. Peh | Kogane Yama Restaurants Pte. Ltd. | Beneficial owner | 80,400 | 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.

Save as disclosed above, as at 28 February 2021, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 28 February 2021.

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.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESSES

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

At the annual general meeting of the Company held on 26 February 2021 (“AGM”), the resolution to re-elect Mr. Lai Weijie, Terence, as an executive Director of the Company was not passed and accordingly he retired as executive Director and the chairman of the Board of the Company upon the conclusion of the AGM. Since then, the Company did not have a designated chairman. During the Period and up to the date of this report, Mr. Ho acted as the chief executive officer of the Company. The chief executive officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company’s day-to-day management and operations. The Board reviewed the Group structure and assessed whether any changes needed, including the appointment of the chairman of the Board.

CHANGES IN THE INFORMATION OF DIRECTORS PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

Except disclosed herein, upon specific enquiry by the Company and following confirmations from Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the Company’s last published annual report:

| Name of Director | Changes in information |
|--------------------|---|
| Mr. Terence Lai | Retired as executive Director and the chairman of the Board with effect from 26 February 2021 |
| Mr. Zhou Junqi | Appointed as independent non-executive Director with effect from 9 April 2021 |
| Ms. Hunag Qingrong | Appointed as independent non-executive Director with effect from 9 April 2021 |

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 30 November 2020, 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. The compliance adviser service agreement with Lego has been expired on 30 November 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

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

Singapore, 14 April 2021

As at the date of this report, the executive Directors are 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, Mr. Choo Zheng Xi, Mr. Zhou Junqi and Ms. Huang Qing Rong.