

KGroup

# KGROUP HOLDINGS LIMITED

千盛集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8475

**ANNUAL REPORT**  
**2020/2021**





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





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## Board of Directors

### Executive Directors

Mr. Zhou Junqi (*Chairman*)  
(re-designated as executive Director  
on 24 June 2021)  
Mr. Lai Weijie, Terence (*Chairman*)  
(retired on 26 February 2021)  
Mr. Ho Zhi Yi, Levi (*Chief Executive Officer*)  
Mr. Yeap Wei Han, Melvyn (*Chief Financial Officer*)  
Ms. Wong Pui Kei Peggy (appointed on 6 May 2021)  
Mr. Tan Chien Fong (resigned on 6 May 2021)

### Non-Executive Directors

Mr. Liu Junjie (*Vice Chairman*)  
(appointed on 24 June 2021)  
Mr. Ng Yook Tim (resigned on 6 May 2021)

### Independent Non-Executive Directors

Mr. Ong King Keung (appointed on 6 May 2021)  
Mr. Law Chung Lam, Nelson  
Ms. Huang Qingrong (appointed on 9 April 2021  
and resigned on 15 September 2021)  
Mr. Zhou Junqi (appointed on 9 April 2021 and  
re-designated as executive Director on  
24 June 2021)  
Mr. Chow Wai San (resigned on 6 May 2021)  
Mr. Choo Zheng Xi (resigned on 6 May 2021)

## Compliance Officer

Mr. Yeap Wei Han, Melvyn

## Authorised Representatives

Mr. Ho Zhi Yi, Levi  
Mr. Chu Pui Ki Dickson *CPA*  
(appointed on 18 October 2021)  
Mr. Wong Wah *CPA* (appointed on 9 October 2020 and  
resigned on 18 October 2021)  
Mr. Chow Chun To *CPA* (resigned on 9 October 2020)

## Company Secretary

Mr. Chu Pui Ki Dickson *CPA*  
(appointed on 18 October 2021)  
Mr. Wong Wah *CPA* (appointed on 9 October 2020 and  
resigned on 18 October 2021)  
Mr. Chow Chun To *CPA* (resigned on 9 October 2020)

## Board Committees

### Audit Committee

Mr. Ong King Keung (*Chairman*)  
(appointed on 6 May 2021)  
Mr. Law Chung Lam, Nelson  
Mr. Zhou Junqi  
(appointed on 6 May 2021  
and ceased on 24 June 2021)  
Ms. Huang Qingrong  
(appointed on 6 May 2021 and  
resigned on 15 September 2021)  
Mr. Chow Wai San (resigned on 6 May 2021)  
Mr. Choo Zheng Xi (resigned on 6 May 2021)  
Mr. Ng Yook Tim (resigned on 6 May 2021)

### Remuneration Committee

Mr. Ong King Keung (*Chairman*)  
(appointed on 6 May 2021 as member and  
appointed on 15 September as Chairman)  
Mr. Law Chung Lam, Nelson  
Mr. Zhou Junqi (appointed on 6 May 2021  
as Chairman and ceased on 24 June 2021)  
Ms. Huang Qingrong  
(appointed on 6 May 2021 as member,  
appointed on 24 June 2021 as Chairlady and  
resigned on 15 September 2021)  
Mr. Choo Zheng Xi (resigned on 6 May 2021)  
Mr. Chow Wai San (resigned on 6 May 2021)  
Mr. Ng Yook Tim (resigned on 6 May 2021)



## Corporate Information (Continued)

### Nomination Committee

Mr. Law Chung Lam, Nelson (*Chairman*)  
Mr. Ong King Keung (appointed on 6 May 2021)  
Mr. Zhou Junqi (appointed on 6 May 2021 and  
ceased on 24 June 2021)  
Ms. Huang Qingrong (appointed on 6 May 2021 and  
resigned on 15 September 2021)  
Mr. Chow Wai San (resigned on 6 May 2021)  
Mr. Choo Zheng Xi (resigned on 6 May 2021)  
Mr. Ng Yook Tim (resigned on 6 May 2021)

### Auditor

Zenith CPA Limited  
Registered Public Interest Entity Auditor  
16/F., Pico Tower  
64–66 Gloucester Road  
Wanchai  
Hong Kong

### Principal Banker

United Overseas Bank  
80 Raffles Place  
UOB Plaza  
Republic of Singapore 048624

### Registered Office in the Cayman Islands

PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

### Headquarters and Principal Place of Business in Republic of Singapore

1 Grange Road  
Orchard Building  
#12-01  
Republic of Singapore 239693

### Principal Place of Business in Hong Kong

Block A, 14/F., Teda Building  
87 Wing Lok Street, Sheung Wan  
Hong Kong

### Principal Share Registrar and Transfer Office

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

### Hong Kong Branch Share Registrar and Transfer Office

Boardroom Share Registrars (HK) Limited  
Room 2103B, 21/F  
148 Electric Road  
North Point  
Hong Kong

### Stock Code

8475

### Board Lot

5,000 Shares

### Company's Website

[www.kgroup.com.hk](http://www.kgroup.com.hk)



## Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the “**Board**”), I present the annual report of the Company for the year ended 31 August 2021 (the “**Year**”).

### Overview

For the Year, the Group's revenue was approximately SGD15.4 million (2020: SGD14.9 million), representing an increase of approximately 3.4% compared to the year ended 31 August 2020 (“**Year 2020**”). The Group recorded a loss of approximately SGD6.9 million for the Year (2020: loss of SGD8.0 million). The loss for the Year was mainly due to overall adverse effect of the Coronavirus (“**COVID-19**”) to the food and beverage industry which resulted in impairment loss on plant and equipment, intangible assets and right-of-use assets of restaurants recognised in the Year.

### Business Review and Prospect

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

On 4 May 2021, the Singapore Multi-Ministry Taskforce announced additional measures and restrictions under Phase 2 (“**Heightened Alert**”) from 16 May 2021 to 13 June 2021 to minimise transmission of the virus following the resurgence of COVID-19 cases in Singapore. This is followed by Phase 3 Heightened Alert from 14 June 2021 onwards with gradual resumption of activities. During the period up to 20 June 2021, dine-in is disallowed and the subsidiaries continued restaurant operations offering takeaways and delivery options. The Singapore Government has offered subsidies and rental rebates during the Phase 2 Heightened Alert period to mitigate the impact to the affected industries, including food and beverage industry.

The unprecedented COVID-19 pandemic has brought about uncertainties to the general economic environment which affected the operations of the Group during and subsequent to the financial year end ended 31 August 2021. The Group has continuously monitored the situation and will take appropriate actions as and when necessary.

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



## Chairman's Statement (Continued)

### Business Review and Prospect (Continued)

During the Year the Group had also licensed the brand “Chir Chir” to the licensee in the Indonesia (the “**Indonesian Licensee**”) for operation of restaurants in Indonesia.

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

### Appreciation

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

**Zhou Junqi**

*Chairman and Executive Director*

Singapore, 26 November 2021

# Management Discussion and Analysis

## Business Review

The Group is a multi-brand restaurant group headquartered in Singapore, of which the 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. The Group seeks to bring quality food to its customers in an authentic manner.

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

- three 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 (Continued)

### Business Review (Continued)

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

Brand	Chir Chir	Masizzim	Kogane Yama	Nipong Naepong	NY Night Market	Sora Boru	Kota Zheng Zhong	The Chir Café + Bar	Total
As at 31 August 2020	3	2	2	2	2	2	2	–	15
Additions (Note 1)	–	–	–	–	–	–	–	1	1
Closure (Note 2)	–	–	–	–	–	(1)	–	–	(1)
As at 31 August 2021 and the date of this report	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>15</u>

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.

During the year 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.

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.



## Management Discussion and Analysis (Continued)

### 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. The table below sets forth the Group's revenue breakdown by nature for the Year and Year 2020.

	2021		2020	
	SGD'000	%	SGD'000	%
Restaurant operations	15,397	99.8	14,758	98.9
Sales of food ingredients	18	0.1	104	0.7
Provision of franchise and royalty services	16	0.1	54	0.4
Total	15,431	100.0	14,916	100.0

#### Restaurant operations

The majority of the revenue was derived from the operations of self-operated restaurants in Singapore. For Year 2020 and the Year, the revenue generated from restaurant operations amounted to approximately SGD14.9 million and SGD15.4 million, respectively, representing an increase of approximately 3.4% from Year 2020 to the Year.

The increase was mainly attributable to (i) the full period operation of Kota Zheng Zhong Bak Kut Teh (Holland Village) and Kota Zheng Zhong Bak Kut Teh (Serangoon); and (ii) the commencement of "The Chir Café and Bar" during the Year 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 "Sora Boru" which were located at #01-08 Westgate 3 Gateway Drive, Singapore 608352 on 24 January 2021.

# Management Discussion and Analysis (Continued)

## Financial Review (Continued)

### Revenue (Continued)

#### Restaurant operations (Continued)

##### *Coronavirus (COVID-19) Impact*

The unprecedented COVID-19 pandemic has brought about uncertainties to the general economic environment which affected the operations of the Group during and subsequent to the Year.

On 4 May 2021, the Singapore Multi-Ministry Taskforce announced additional measures and restrictions under Phase 2 (“**Heightened Alert**”) from 16 May 2021 to 13 June 2021 to minimise transmission of the virus following the resurgence of COVID-19 cases in Singapore. This is followed by Phase 3 Heightened Alert from 14 June 2021 onwards with gradual resumption of activities. During the period up to 20 June 2021, dine-in is disallowed and the subsidiaries continued restaurant operations offering takeaways and delivery options. The Group suffered significant drop in the number of customer visits to the restaurants from the Heightened Alert measures.

The Group recorded a slight increase of revenue for the Year due to the combination effect of commencement of new restaurant, cessation of a restaurant and the outbreak of COVID-19.

#### Sales of food ingredients

Revenue from the sales of food and food ingredients mainly represented revenue from the sales of food through the operation of Gangnam Kitchen which provides catering and delivery services of Korean food to customers in Singapore. The revenue from the sales of food ingredients decreased from approximately SGD104,000 for Year 2020 to approximately SGD18,000 for the Year, representing a decrease of approximately 82.7%. The decreased was mainly attributable to the measures implemented by Singapore Government to combat with COVID-19 pandemic.

### Financial Review (Continued)

#### Revenue (Continued)

##### Provision of franchise and royalty services

Royalty income represented the royalties from the Indonesian Licensees, PT Jaya Boga Makmur Abadi, Jaesan Food Holdings Sdn. Bhd. (“**Jaesan Food Holdings**”) and Mr. Peh Kian Ghee (“**Mr. Peh**”) pursuant to the respective business partnership arrangements and sub-license arrangements which the Group has entered into. The revenue from royalty income decreased from approximately SGD54,000 for Year 2020 to approximately SGD16,000 for the Year, representing a decrease of approximately 70.4%. 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.

##### 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. During the Year, 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 Year 2020 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 SGD4.3 million for Year 2020 to approximately SGD4.4 million for the Year, representing an increase of approximately 2.3% as compared to that of Year 2020.

##### Gross profit and gross profit margin

The gross profit of the Group increased from approximately SGD10.6 million for Year 2020 to approximately SGD11.1 million with stably gross profit margin at 71.8% and 71.2% respectively.

##### Other (losses)/income, net

Other (losses)/income, net, decreased from gains of approximately SGD0.4 million for Year 2020 to losses of approximately SGD2.0 million for the Year, representing a decrease of approximately 600% as compared to those of Year 2020. The decrease was mainly attributable to increase in impairment loss on plant and equipment, intangible assets and right-of-use assets from approximately SGD1.1 million for Year 2020 to approximately SGD4.7 million for the Year, representing an increase of 327.3%. The decrease in other income and losses, net was offset by increase in government grants from approximately SGD0.9 million for Year 2020 to approximately SGD2.0 million for the Year, for rewards or subsidies which were received in Singapore as a result of measures implemented by the Singapore government in relation to COVID-19 situation.



# Management Discussion and Analysis (Continued)

## Financial Review (Continued)

### Staff costs

Staff costs primarily consisted of the Directors' remuneration, salaries and allowances and retirement benefit contributions. Staff costs slightly decrease from approximately SGD5.7 million for the Year 2020 to approximately SGD5.3 million for the Year.

The following table sets forth the breakdown of the Group's staff costs for the Year and Year 2020:

	2021 SGD'000	2020 SGD'000
Directors' remuneration	678	976
Salaries and allowances	4,249	4,391
Retirement benefit contributions	370	306
Total	5,297	5,673

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.

### Depreciation and amortisation

Depreciation and amortisation slightly decreased from approximately SGD5.6 million for Year 2020 to approximately SGD5.3 million for the Year, representing a decrease of approximately 5.4% as compared to those of Year 2020. The decrease was mainly attributable to decrease in depreciation charge of right-of-use assets as a result of (i) revising lease terms to reflect the effect of uncertainties in exercising extension options; and (ii) cessation of operation of self-operated restaurants under the brand "Sora Boru".

## Management Discussion and Analysis (Continued)

### Financial Review (Continued)

#### Rental and related expenses

All of the premises of the Group's self-operated restaurants, central kitchen and office were leased during the Year. Rental and related expenses increased from approximately SGD5.2 million for Year 2020 to approximately SGD7.0 million for the Year, representing an increase of approximately 34.6% as compared to those of Year 2020. The increase in rental and related expenses was mainly attributable to increase in impairment loss of right-of-use assets during the Year.

The following table extracted the cost of lease payments for our operations:

	2021 SGD'000	2020 SGD'000
Depreciation of right-of-use assets	3,803	4,014
Lease payments not included in the measurement of lease liabilities	130	146
Impairment loss of right-of-use assets	2,467	311
Interest on lease liabilities	615	681
Total	7,015	5,152

The increase in lease payments for our operations was mainly attributable to (i) impairment of right-of-use assets from the cease of operation under the brand "Sora Boru"; (ii) the full period operation of Kota Zheng Zhong Bak Kut Teh (Holland Village) and Kota Zheng Zhong Bak Kut Teh (Serangoon); and (iii) the commencement of "The Chir Café and Bar" during the Year; offset by the cessation of operation of self-operated restaurants under the brand "Sora Boru".

# Management Discussion and Analysis (Continued)

## Financial Review (Continued)

### Other operating expenses

The other operating expenses primarily consisted of external online sales commissions, credit card commissions, cleaning expenses, travelling expenses, repairs and maintenance and professional fee, etc. Other operating expenses decreased from approximately SGD3.1 million for Year 2020 to approximately SGD2.9 million for the Year, representing a decrease of approximately 6.5% as compared to those of Year 2020.

The decrease of other operating expenses was mainly attributable to decrease in legal and professional fee for compliance adviser during the Year.

### Finance costs

The finance costs primarily consisted of interest expenses on bank and other loans and the lease liabilities. Finance costs decreased from approximately SGD732,000 for Year 2020 to approximately SGD682,000 for the Year, representing a decrease of approximately 6.8%. The decrease was mainly attributable to decrease in interest on lease liabilities.

### Loss for the Year

The Group recorded a loss of approximately SGD6.9 million for the Year (2020: loss of approximately SGD8.0 million). Such decrease in loss was mainly attributable to inter alia: (i) the increase in revenue as a result of commencement of new restaurants; (ii) decrease in staff costs, (iii) decrease in other operating expenses; and (iv) decrease in impairment losses on financial assets, net in the Year as detailed above.

## Liquidity and Financial Resources

The Group's current ratio was 0.2 as at 31 August 2021 (2020: 0.3). Current ratio is calculated based on the total current assets at the end of the year divided by the total current liabilities at the end of the year. As at 31 August 2021, the Group's gearing ratio was -18.9% (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 of the Group, which included amounts due to non-controlling interests, interest-bearing bank and other borrowing. The decrease in the Group's gearing ratio was mainly due to the loss incurred for the Year which turned the total equity to deficiency in assets, whilst the total debts of the Group remained stable. As at 31 August 2021, the Group's total borrowings amounted to approximately SGD643,000 (2020: SGD749,000) which included bank loans, term loan and trust receipt loans. The Group's borrowings are denominated in Singapore dollars and carry interest at fixed rates ranging from 3.50% to 30% per annum as at 31 August 2021 (2020: 3.50% to 7.25%). The management has closely monitored the Group's liquidity position and has taken appropriate measures to ensure it had sufficient resources to meet its financial obligations.



## Management Discussion and Analysis (Continued)

### Liquidity and Financial Resources (Continued)

The Group recorded net current liabilities of approximately SGD6.5 million (2020: net current liabilities of approximately SGD6.0 million) and net liabilities of approximately SGD3.9 million (2020: net assets of approximately SGD3.0 million) as at 31 August 2021. The net liabilities was mainly due to impairment loss of plant and equipment, right-of-use assets and intangible assets recognised for the Year. The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as going concern. The directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operation and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration of (i) several substantial shareholders of the Company have confirmed that they shall provide continuous financial support to the Group for a period of twelve months from the date of approval of the consolidated financial statements by the directors; and (ii) having regard to measures to tighten controls over expenses and to better manage the Group's working capital, the directors believe that the Group is able to continue to generate sufficient cash flows from operations. The directors believe that, taking into account the above factors, the Group will have sufficient working capital to satisfy its present requirement for at least next 18 months from the end of reporting period.

### Capital Structure

The Company's issued shares were successfully listed on GEM of the Stock Exchange on 13 August 2018. Upon placing of 40,000,000 shares completed on 16 January 2020 (the "**Placing**"), the number of issued ordinary shares of the Company increased from 400,000,000 shares to 440,000,000 shares. There has been no change in the Company's capital structure since then. The capital structure of the Group comprises of issued share capital and reserves.

### Principal Risks and Uncertainties

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

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

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

## Management Discussion and Analysis (Continued)

### Foreign Currency Exposure Risks

The Group mainly operates in Singapore, Malaysia and Indonesia with most of the transactions settled in Singapore dollars 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 Year, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures.

### Capital Commitments

As at 31 August 2021, the Group have no capital commitments (2020: SGD128,000), in respect of the leasehold improvements contracted for.

### 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 use of proceeds in the announcement "Completion of Placing of New Shares Under General Mandate" dated 16 January 2020, the Group does not have other plans for material investments and capital assets.

### Contingent Liabilities and Pledge of Assets

As at 31 August 2021, the Group did not have any significant contingent liabilities and pledge of assets (2020: Nil).

### Environmental Policies and Performance

For details of environmental, social and governance performance of the Group, please refer to the "Environmental, Social and Governance Report" on pages 58 to 83 of this annual report.

## Management Discussion and Analysis (Continued)

### 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, 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 Year is set out as below:

	Net Proceeds allocated HK\$'000	Approximate % of Net Proceeds %	Amount utilised as at 31 August 2021 HK\$'000	Balance as at 31 August 2021 HK\$'000	Notes
(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	2,200	–	2
(iii) General working capital	4,600	31.0	4,600	–	
Total	14,800	100.0	14,800	–	

**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. The Group also incurred relevant refurbishment expenses for all the existing restaurants during the Year.
- (2) The Group identified and procured new franchised brand “Kota Zheng Zhong Bak Kut Teh” and a self-developed brand “The Chir Café + Bar”.



# Biographical Information of Directors and Senior Management

## Executive Directors

**Mr. Zhou Junqi** (“**Mr. Zhou**”), aged 46, was appointed as an independent non-executive Director (the “**INED**”) on 9 April 2021 and re-designated as an executive Director (the “**ED**”) and appointed as the chairman of the Board (the “**Chairman**”) on 24 June 2021. Mr. Zhou is responsible for overseeing the entire Group. Mr. Zhou is experienced in enterprise management. Mr. Zhou was graduated in Nankai University with major in Financial Management and Practice in July 2020. Mr. Zhou is the executive director and general manager of Shenzhen Ruihua Financial Consulting Co., Ltd\* (深圳瑞華財務顧問有限公司) since January 2020. Mr. Zhou was the executive director and general manager of Zhongshan Tiansen Beidou Communication Technology Co., Ltd\* (中山市天森北斗通訊科技有限公司) from August 2017 to January 2020. Mr. Zhou was also the executive director and general manager of Zhongshan Jiayuan Enterprise Management Co., Ltd (中山市嘉源企業管理有限公司) from December 2016 to January 2020.

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

**Mr. Ho Zhi Yi, Levi** (“**Mr. Ho**”), aged 38, is a co-founder of the Group, an ED and the chief executive officer (the “**CEO**”). Mr. Ho is responsible for overseeing the operations and management of the Group. Mr. Ho was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Ho is a director of all of the subsidiaries of the Company, including K Food Holdings, Gangnam Kitchen, Kogane Yama, After School, K Food Restaurants, K Food Master, NY Night Market, Nipong Naepong, NY Night Market 2, Sora Boru, NY Night Market 3, TBN Bugis, TBN NPC, Kota Bak Kut Teh, K Investment, K Bright Limited (“**K Bright**”) and K Wealth Hong Kong Limited (“**K Wealth**”).

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

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

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

## Biographical Information of Directors and Senior Management (Continued)

### Executive Directors (Continued)

**Mr. Yeap Wei Han, Melvyn** (“**Mr. Yeap**”), aged 38, is a co-founder of the Group, the chief financial officer (the “**CFO**”) and an ED. Mr. Yeap is responsible for overseeing the financial matters of the Group. He was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Yeap is currently a director of K Food Holdings, K Bright and K Wealth.

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

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

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

Each of Mr. Ho and Mr. Yeap is a director of Canola Investment Holdings Limited (“**Canola**”) which owns 6.93% of the issued Shares.

**Ms. Wong Pui Kei Peggy** (“**Ms. Wong**”), aged 48, was appointed as an ED on 6 May 2021. Ms. Wong is responsible for overseeing the management of the Group. Ms. Wong was graduated from The Ohio State University in Columbus, Ohio, U.S.A. in 1998 with a degree of Bachelor of Administration in Marketing and Transportation Logistic. She has various marketing and managerial experience.

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

### Non-Executive Director

**Mr. Liu Junjie** (“**Mr. Liu**”), aged 46, was appointed as a non-executive Director (the “**NED**”) and the vice chairman of the Board (the “**Vice Chairman**”) on 24 June 2021. Mr. Liu is responsible for advising on the management and strategic development of the Group. Mr. Liu obtained a master’s degree in Department of Immunology, Tongji Medical College of Huazhong University of Science and Technology in Wuhan of the People’s Republic of China, in 2003. Mr. Liu was the chairman of Hong Kong People Health Chinese Medicine Biotechnology Limited\* from 2019 to March 2021. He was the chairman of Dongguan Zhongshang Health Biotechnology Co., Limited\* in 2013 to 2018.

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

## Biographical Information of Directors and Senior Management (Continued)

### Independent Non-Executive Directors

**Mr. Ong King Keung** (“**Mr. Ong**”), aged 45, was appointed as an INED on 6 May 2021. Mr. Ong is the Chairman of each of the Board’s audit committee (the “**AC**”) and remuneration committee (the “**RC**”) and a member of the nomination committee (the “**NC**”). He provides independent judgement on the issues of strategy, performance, resources and standard of the Group.

Mr. Ong obtained a bachelor’s degree in accountancy from the Hong Kong Polytechnic University and a master’s degree in corporate finance from the City University of Hong Kong. He is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has over 15 years of experience in auditing and accounting industry. Mr. Ong is currently the company secretary of Unity Investments Holdings Limited (now known as Harbour Digital Asset Capital Limited) (listed on main board in Hong Kong, stock code: 913). Mr. Ong is an independent non-executive director of Risecomm Group Holdings Limited (listed on main board in Hong Kong, stock code: 1679); Bingo Group Holdings Limited (listed on GEM board in Hong Kong, stock code: 8220) and Kunming Dianchi Water Treatment Co., Ltd. (listed on Main board in Hong Kong, stock code: 3768).

Mr. Ong was an independent non-executive director of My Heart Bodibra Group Limited (listed on GEM board in Hong Kong, stock code: 8297) for the period from December 2017 and May 2021; and China Water Affairs Group Limited (listed on Main board in Hong Kong, stock code: 855) for the period from March 2007 to November 2019; and Tech Pro Technology Development Limited (listed on Main board in Hong Kong, stock code: 3823 (cancellation of Listing with effect from March 2, 2020)) for the period from March 2017 to February 2019. Mr. Ong had also been an independent non-executive director of Deson Construction International Holdings Limited (now known as Smart City Development Holdings Limited) (listed on Main board in Hong Kong, stock code: 8268) since December 2014 and has been subsequently re-designated as a non-executive director since December 2015. In July 2019, Mr. Ong resigned as non-executive director of such company.

**Mr. Law Chung Lam, Nelson** (“**Mr. Law**”), aged 59, was appointed as an INED on 23 July 2018. Mr. Law is the chairman of the NC and a member of each of the AC and the RC. He provides independent judgment on the issues of strategy, performance, resources and standard of the Group.

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

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

From September 2013 to December 2019, Mr. Law was a non-executive director of Wealth Glory Holdings Limited, the issued shares of which are listed on GEM (stock code: 8269). He has been an independent non-executive director of Man Shun Group (Holdings) Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1746) since June 2018. He has also been the chairman of Angel Fund Company Limited in Hong Kong, a company specialised in property finance since November 2013. Mr. Law has also been the executive chairman and chief financial officer of Sealand Capital Galaxy Limited in London, the issued shares of which are listed on the London Stock Exchange (stock code: SGCL), since July 2015.

## Biographical Information of Directors and Senior Management (Continued)

### Senior Management

**Mr. Lai Weijie, Terence** (“**Mr. Terence Lai**”), aged 40, was appointed as a Director of the Group on 24 January 2018 and re-designated as an ED on 10 February 2018 and retired as an ED on 26 February 2021. Mr. Terence Lai is responsible for overseeing the operation of the Group and is a director of all of the subsidiaries of the Company, including K Food Holdings Pte. Ltd. (“**K Food Holdings**”), Gangnam Kitchen Pte. Ltd. (“**Gangnam Kitchen**”), Kogane Yama Restaurants Pte. Ltd. (“**Kogane Yama**”), After School Pte. Ltd. (“**After School**”), K Food Restaurants Sdn. Bhd. (“**K Food Restaurants**”), K Food Master Holdings Sdn. Bhd. (“**K Food Master**”), NY Night Market Pte. Ltd. (“**NY Night Market**”), Nipong Naepong Singapore Pte. Ltd. (“**Nipong Naepong**”), NY Night Market (313) Pte. Ltd. (“**NY Night Market 2**”), SB 313 Pte. Ltd. (“**Sora Boru**”), NY Night Market Vivo Pte. Ltd. (“**NY Night Market 3**”), TBN Bugis Pte. Ltd. (“**TBN Bugis**”), TBN NPC Pte. Ltd. (“**TBN NPC**”), Kota Bak Kut Teh (SG) Pte. Ltd. (“**Kota Bak Kut Teh**”) and K Investment Holdings Limited (“**K Investment**”).

Mr. Terence Lai obtained a Diploma in Business Studies (Marketing) from Ngee Ann Polytechnic in Singapore in August 2001. He further obtained a Master of Business Administration from Murdoch University in Australia in October 2008. Prior to joining the Group, Mr. Terence Lai worked as an unit manager in AIA Group Limited in Singapore from February 2002 to August 2008. He then worked as a business development manager in The Hongkong and Shanghai Banking Corporation Limited in Singapore from September 2008 to October 2009. He started working as a field representative in Prudential Assurance Company Singapore (Pte) Limited in July 2010, and has been a group financial services director since January 2012.

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

**Mr. Derek Lai Weikang** (“**Mr. Derek Lai**”), aged 37, has been the general operations manager of the Group since November 2014. Mr. Derek Lai is responsible for overseeing and assisting the Group’s operational matters alongside the CEO.

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

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

Mr. Derek Lai is a younger brother of Mr. Terence Lai.

## Biographical Information of Directors and Senior Management (Continued)

### Senior Management (Continued)

**Mr. Ang Chip Teng (“Mr. Ang”)**, aged 38, is the senior service operation manager of the Group. Mr. Ang is primarily responsible for assisting in the daily operations of all restaurants of the Group. He first joined the Group as a restaurant manager in January 2015 and was appointed as a senior service manager in January 2016.

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

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

**Mr. Khor Meng Kian (“Mr. Khor”)**, aged 29, is the kitchen operation manager of the Group. Mr. Khor is primarily responsible for overseeing and managing all kitchen matters of the Group. Mr. Khor first joined the Group as a kitchen supervisor in February 2015 and was appointed as a kitchen manager in August 2017.

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

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

**Mr. Zhou Ming (“Mr. Zhou”)**, aged 45, is the kitchen operation manager of the Group. Mr. Zhou is also responsible for overseeing and managing all kitchen matters of the Group. Mr. Zhou first joined the Group as a kitchen crew in February 2015 and was appointed as a kitchen manager in August 2017.

Mr. Zhou completed secondary education in the People’s Republic of China (the “**PRC**”) in July 1995.

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

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

\* For identification purpose only

## Biographical Information of Directors and Senior Management (Continued)

### Company Secretary

**Mr. Chow Chun To (“Mr. Chow”)**, was appointed as the company secretary of the Company (the “**Company Secretary**”) on 26 September 2019 and resigned on 9 October 2020.

Mr. Chow has over 15 years of auditing, accounting, corporate governance and company secretarial experience. He has been an independent non-executive director of Kingland Group Holdings Limited (stock code: 1751) since November 2016. He was an independent non-executive director of Geotech Holdings Ltd (stock code: 1707) from September 2017 to January 2019 and AV Promotions Holdings Limited (stock code: 8419) from December 2017 to July 2019, respectively. He has been a member of the Hong Kong Institute of Certified Public Accountants since July 2013. He obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in December 2006.

**Mr. Wong Wah (“Mr. Wong”)**, was appointed as the Company Secretary on 9 October 2020 and resigned on 18 October 2021.

Mr. Wong obtained a bachelor degree in accountancy from The Hong Kong Polytechnic University in December 2006. He has approximately 15 years of auditing, accounting and company secretarial experience. Mr. Wong was worked in PricewaterhouseCoopers until January 2016. From January 2016 to June 2018, Mr. Wong was the group financial controller, company secretary and authorised representative of AV Promotion Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 8419). Mr. Wong has been a member of the Hong Kong Institute of Certified Public Accountants since January 2010.

**Mr. Chu Pui Ki Dickson (“Mr. Chu”)** was appointed as the company secretary of the Company (the “**Company Secretary**”) on 18 October 2021. Mr. Chu is a member of the Hong Kong Institute of Certified Public Accountants since February 2011. He has over 10 years of relevant experience in accounting and auditing and has experience in tax, internal control matters and holding position of company secretary in other listed companies listed on the Stock Exchange.

Mr. Chu is currently serving as the company secretary of Tungtex (Holdings) Company Limited (a company listed on the Main Board of the Stock Exchange with stock code 0518), SG Group Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code 01657), Cornerstone Technologies Holdings Limited (formerly named Elegance Commercial and Financial Printing Group Limited) (a company listed on the GEM of the Stock Exchange with stock code 08391) and Top Standard Corporation (a company listed on the GEM of the Stock Exchange with stock code 08510), since April 2021, March 2019, July 2019 and June 2017 respectively.

### Compliance Officer

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



# Corporate Governance Report

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the year ended 31 August 2021 (the “**Year**”).

## Corporate Governance Practices

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

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

The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 to the GEM Listing Rules. During the Year, the Board is of the view that the Company has complied with all applicable code provisions set out in the CG Code, save and except for code provision A.2.1 as set out in paragraph headed “Chairman and Chief Executive Officer”.

## Securities Transactions by Directors

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

## Board of Directors

### Responsibilities

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

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

## Board of Directors (Continued)

### Composition

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

As at the date of this report, the Board comprises the following seven Directors:

### Executive Directors

Mr. Zhou Junqi (“**Mr. Zhou**”) (*Chairman*)

(appointed on 9 April 2021 as INED and re-designated as ED on 24 June 2021)

Mr. Ho Zhi Yi, Levi (“**Mr. Ho**”) (*Chief Executive Officer*)

Mr. Yeap Wei Han, Melvyn (“**Mr. Yeap**”) (*Chief Financial Officer*)

Ms. Wong Pui Kei Peggy (“**Ms. Wong**”) (appointed on 6 May 2021)

### Non-executive Director

Mr. Liu Junjie (“**Mr. Liu**”) (*Vice Chairman*) (appointed on 24 June 2021)

### INEDs

Mr. Ong King Keung (“**Mr. Ong**”) (appointed on 6 May 2021)

Mr. Law Chung Lam, Nelson (“**Mr. Law**”)

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

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

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

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

# Corporate Governance Report (Continued)

## Board of Directors (Continued)

### Composition (Continued)

Following the resignation of Ms. Huang Qingrong (“**Ms. Huang**”) as an INED with effect from 15 September 2021, the Company has two INEDs and the AC comprises only two members. Following the resignation of Ms. Huang, the Company fails to meet:

- (1) the requirement under Rule 5.05(1) of the GEM Listing Rules which stipulates the board of directors of a listed issuer must include at least three independent non-executive directors;
- (2) the requirement under Rule 5.05A of the GEM Listing Rules which stipulates an issuer must appoint independent non-executive directors representing at least one-third of the board; and
- (3) the requirement under Rule 5.28 of the GEM Listing Rules, which stipulates that the audit committee must comprise a minimum of three members.

The Board will make its best endeavours to identify suitable candidate to fill the vacancy as soon as practicable.

As at the date of this report, the Company has two INEDs, meeting the requirement of GEM Listing Rules that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

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

During the Year, the Chairman had held one meeting with the INEDs without the presence of other executive Directors.

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

### Directors’ Induction and Continuing Professional Development

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

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

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

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

## Board of Directors (Continued)

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

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

The attendance record of each Director at the Board committee meetings held during the Year and the annual general meeting of the Company ("AGM") held on 23 February 2021 is set out in the table below:

Name of Director	Attendance/Number of Meetings				
	Board	AGM	Audit committee	Nomination committee	Remuneration committee
Mr. Zhou Junqi (appointed on 9 April 2021 as INED and re-designated as ED on 24 June 2021)	3/3	N/A	N/A	1/1	1/1
Mr. Lai Weijie, Terence (retired on 26 February 2021)	2/2	1/1	N/A	N/A	N/A
Mr. Ho Zhi Yi, Levi	5/5	1/1	N/A	N/A	N/A
Mr. Yeap Wei Han, Melvyn	5/5	1/1	N/A	N/A	N/A
Ms. Wong Pui Kei Peggy (appointed on 6 May 2021)	1/1	N/A	N/A	N/A	N/A
Mr. Tan Chien Fong (resigned on 6 May 2021)	2/3	1/1	N/A	N/A	N/A
Mr. Liu Junjie (appointed on 24 June 2021)	1/1	N/A	N/A	N/A	N/A
Mr. Ng Yook Tim (resigned on 6 May 2021)	3/3	1/1	3/3	1/1	1/1
Mr. Ong King Keung (appointed on 6 May 2021)	1/1	N/A	1/1	1/1	1/1
Mr. Law Chung Lam Nelson	5/5	1/1	4/4	2/2	2/2
Ms. Huang Qingrong (appointed on 9 April 2021 and resigned on 15 September 2021)	3/3	N/A	1/1	1/1	1/1
Mr. Chow Wai San (resigned on 6 May 2021)	3/3	1/1	3/3	1/1	1/1
Mr. Choo Zheng Xi (resigned on 6 May 2021)	3/3	1/1	3/3	1/1	1/1

# Corporate Governance Report (Continued)

## Board of Directors (Continued)

### Board Diversity Policy

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

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

### Chairman and Chief Executive Officer

According to code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The roles of the Chairman and the CEO have been separated and assumed by different individuals to ensure a balance of power and authority so that power is not concentrated in any member of the Board. The respective roles and responsibilities of the Chairman and the CEO are set out in writing. During the period from 1 September 2020 to 26 February 2021, the Chairman and the CEO of the Company were two separate positions held by Mr. Terence Lai and Mr. Ho, respectively. At the AGM held on 26 February 2021, Mr. Terence Lai retired as an executive Director and also ceased to be the Chairman. Decisions of the Company were made collectively by the CEO and the executive Directors to execute strategies set by the Board and assume daily management of the Group and report back to the Board on a regular basis. On 24 June 2021, Mr. Zhou Junqi has been appointed as the Chairman. Since then, the Company had fully complied with the requirements under code provision A.2.1.

## Board Committees

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

### Audit Committee

The Audit Committee was established on 23 July 2018 with written terms of reference in compliance with the GEM Listing Rules and the CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. Following the resignation of Ms. Huang as an independent non-executive Director and member of the Audit Committee with effect from 15 September 2021, the Company fails to meet the requirement under Rule 5.28 of the GEM Listing Rules, which stipulates that the audit committee must comprise a minimum of three members. The Audit Committee comprises only two members, namely Mr. Ong and Mr. Law. The Audit Committee comprises all the INEDs and Mr. Ong is the chairman of the Audit Committee. The Board will make its best endeavours to identify suitable candidate to fill the vacancy as soon as practicable.

## Board Committees (Continued)

### Audit Committee (Continued)

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

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



# Corporate Governance Report (Continued)

## Board Committees (Continued)

### Audit Committee (Continued)

- where an internal audit function exists, reviewing the internal audit programme, ensuring co-ordination between the internal and external auditors and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;
- preparing work reports for presentation to the Board and preparing summary of work reports for inclusion in the Company's interim and annual reports;
- considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- reviewing the Group's financial and accounting policies and practices;
- ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- directly reporting to the Board on the matters in these terms of reference, and on their decisions or recommendations, unless there are legal or regulatory restrictions on their abilities to do so (such as a restriction on disclosure due to regulatory requirements);
- reviewing the arrangements that the employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- acting as the key representative body for overseeing the Company's relations with the external auditor;
- discussing problems and qualified opinion, if any, arising from the half-year and annual audit, and any matter the external auditor may wish to discuss (in the absence of management where necessary);
- setting the scope for internal control review;
- meeting with the auditor, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issue arising from the audit and any other matter that the auditor may wish to raise;
- obtaining from the audit firm annually, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staffs; and
- considering other topics as defined by the Board.

## Board Committees (Continued)

### Audit Committee (Continued)

During the Year, the Audit Committee held five meetings, at which it:

- approved Zenith CPA Limited as the auditor of the Group and the corresponding audit plan;
- reviewed the financial statements for the year ended 31 August 2020, three months ended 30 November 2020, six months ended 28 February 2021 and nine months ended 31 May 2021;
- reviewed the effectiveness of the risk management and internal control systems, and such review covered all material controls including financial control;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budgets of the Group's accounting, internal audit and financial reporting functions;
- reviewed the external auditors' findings; and
- approved the resignation and appointment of directors.

The Company's annual results for the year ended 31 August 2021 have been reviewed by the Audit Committee.

### Remuneration Committee

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

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

- making recommendations to the Board on the Company's policies and structure for the remuneration of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing a policy on such remuneration in accordance with, among others, his/her respective experience, responsibilities, workload, performance and time devoted to the Company;
- having the delegated responsibility to determine the specific remuneration packages of all executive Directors and Senior Management (as defined in Note to A.7.2 of the CG Code, Appendix 15 to the GEM Listing Rules), including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board on the remuneration packages of all executive Directors and Senior Management;
- making recommendations to the Board on the remuneration of the NEDs;
- reviewing and approving management's remuneration proposals by reference to corporate goals and objectives resolved by the Board from time to time;

# Corporate Governance Report (Continued)

## Board Committees (Continued)

### Remuneration Committee (Continued)

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

The Remuneration Committee held a meeting on 26 November 2020, and reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and the Senior Management. Each of the Directors who are the chairman or members of the Remuneration Committee attended the above meeting in the relevant capacity.

The Remuneration Committee held a meeting on 6 May 2021 and recommended to the Board for consideration of the remuneration of proposed appointment of the executive Director and independent non-executive Director of the Group.

### Nomination Committee

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

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

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

## Board Committees (Continued)

### Nomination Committee (Continued)

The Nomination Committee held a meeting on 26 November 2020 and, amongst other matters, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming AGM. Each of the Directors who are the chairman or members of the Nomination Committee attended the above meeting in the relevant capacity.

The Nomination Committee held a meeting on 6 May 2021 and recommended to the Board for consideration of the appointment of the executive Director and independent non-executive Director of the Group.

### Procedure and Process for Nomination of Directors

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

- (a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- (b) The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:
  - (i) diversity in the aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;
  - (ii) sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;
  - (iii) qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;
  - (iv) independence (for INEDs);
  - (v) reputation for integrity;
  - (vi) potential contributions that the individual can bring to the Board; and
  - (vii) commitment to enhance and maximize Shareholders' value;
- (c) The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;

# Corporate Governance Report (Continued)

## Board Committees (Continued)

### Nomination Committee (Continued)

#### Procedure and Process for Nomination of Directors (Continued)

- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

### Corporate Governance Functions

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

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

## Appointment and Re-election of Directors

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

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

### Appointment and Re-election of Directors (Continued)

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

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

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

### Remuneration of Directors and Senior Management

Particulars of the Directors' remuneration for the Year are set out in Note 11 to the consolidated financial statements.

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

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



## Corporate Governance Report (Continued)

### Independent Auditor's Remuneration

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

Description of services performed	Fee paid/ payable SGD'000
Audit Services	135
Non-audit services	—

The consolidated financial statements of the Group for the Year were audited by Zenith CPA Limited, who were appointed as the Company's auditor on 23 September 2019 to fill the casual vacancy arising from the resignation of Deloitte Touche Tohmatsu on 22 August 2019. Save as disclosed above, there has been no other change of auditors for the preceding three years.

### Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the Year and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Director also ensure the timely publication of such consolidated financial statements.

Save for the disclosure under section headed "Material uncertainty related to going concern" in the "Independent Auditor's Report", the Directors confirm that, to the best of their knowledge and having made reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions which may cause the Group not to continue as a going concern. The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, including (i) obtaining sufficient financial support from several substantial shareholders of the Company; and (ii) tightening controls over its expenses. For details, please refer to "Liquidity and Financial Resources" in the "Management Discussion and Analysis" section.

The external auditor of the Company, Zenith CPA Limited has stated its reporting responsibilities on the consolidated financial statements in the "Independent Auditor's Report" included in this annual report.

### Details of the Audit Modification and Management's Position, View and Assessment on the Audit Modification

As described under section headed "Basis for Disclaimer of Opinion" ("**Audit Modification**") of the "Independent Auditor's Report", which indicates that the Group incurred a loss of SGD6,929,000 for the year ended 31 August 2021 and, as of that date, had net liabilities and net current liabilities of SGD3,895,000 and SGD6,478,000, respectively. As at the reporting date, the Group's operations have continuously affected by the social unrest in Singapore, the COVID-19 pandemic and the COVID-19 restrictions and control measures. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

### Details of the Audit Modification and Management's Position, View and Assessment on the Audit Modification (Continued)

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position. For details, please refer to "Liquidity and Financial Resources" in the "Management Discussion and Analysis" section. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures. The directors believe that, taking into account the above measures, the Group will have sufficient working capital to satisfy its present requirements for at least next 18 months from the end of reporting period. However, the auditor was unable to obtain sufficient appropriate audit evidence to satisfy themselves as the validity of the financial support from the substantial shareholders of the Company at a level sufficient to finance the working capital requirements of the Group.

### Action Plan of the Group to Address the Audit Modification and Impact of the Audit Modification on the Company's Financial Position

In order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration the following:

- (i) several substantial shareholders of the Company have confirmed that they shall provide continuous financial support to the Group for a period of twelve months from the date of approval of the consolidated financial statements by the directors; and
- (ii) having regard to measures to tighten controls over expenses and to better manage the Group's working capital, the directors believe that the Group is able to continue to generate sufficient cash flows from operations.

### Removal of the Audit Modification

The management considered that the proposed measures mentioned above, if successful, could improve the Group's liquidity and therefore could help to address the Audit Modification. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 August 2022 has to take into consideration of the future conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether the Audit Modification can be removed in the next financial year purely based on the Company's measures above.

## Corporate Governance Report (Continued)

### Risk Management and Internal Control

The Company has in place policies and procedures in relation to risk management and internal control. The Board is primarily responsible for overseeing the risk management and internal control systems and for reviewing their effectiveness. The Company's internal control system and procedures are designed to meet its specific business needs and to minimise its risk exposure. The Company has adopted different internal guidelines, along with written policies and procedures to monitor and lessen the impact of risks which are relevant to its business and control its daily business operations. Management will identify the risks associated with the Group's day-to-day operations for review by the Board. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. As the Group does not have an internal audit department, the Group has engaged an external independent consultant to conduct an internal control review on the internal control system of the Group during the Year. The review covered certain business cycles and procedures undertaken by the Group and made recommendations for improving and strengthening the system. The Directors were of the view that the internal control systems were adequate and sufficient in the circumstances.

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

### Disclosure of Inside Information

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

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

### Company Secretary

The Company engaged external service provider to provide company secretarial services and has appointed Mr. Chow Chun To (“**Mr. Chow**”) as the Company Secretary with effect from 26 September 2019. Mr. Chow resigned as Company Secretary and Mr. Wong Wah (“**Mr. Wong**”) was appointed as the Company Secretary with effect from 9 October 2020, respectively. Mr. Wong resigned as the Company Secretary and Mr. Chu Pui Ki Dickson (“**Mr. Chu**”) was appointed as the Company Secretary with effect from 18 October 2021 respectively. The biographies of Mr. Chow, Mr. Wong and Mr. Chu are set out in the section headed “Biographies of Directors and Senior Management” of this report. The primary person at the Company with whom Mr. Chow, Mr. Wong and Mr. Chu presently contacts in respect of company secretarial matters is Mr. Yeap, the executive Director and Chief Financial Officer.

Mr. Chow, Mr. Wong and Mr. Chu confirmed that for the year under review, they have taken no less than 15 hours of relevant professional training.

All members of the Board have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary will be subject to the approval of the Board at its meeting.

### Shareholders’ Rights

#### Procedures for Putting Forward Proposals at Shareholders’ Meetings

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

#### Procedures for Shareholders to Convene an EGM

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

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the “**Requisition**”) signed by the Eligible Shareholder(s) concerned (the “**Requisitionist(s)**”) at the principal place of business of the Company in Hong Kong (presently Block A, 14/F., Teda Building, 87 Wing Lok Street, Sheung Wan, Hong Kong) for the attention of the Company Secretary.

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

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

# Corporate Governance Report (Continued)

## Shareholders' Rights (Continued)

### Procedures for Shareholders to Convene an EGM (Continued)

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

### Procedures for Shareholders to Send Enquires to the Board

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

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

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

1. the matters within the Board's purview to the executive Directors;
2. the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
3. ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

## Communication with the Shareholders

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

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

## Constitutional Documents

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

## Directors' Report

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

### Principal Activities

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

### Results and Dividends

The results and the state of affairs of the Group for the Year are set out in the consolidated financial statements on pages 87 to 92 of this annual report.

The Board has resolved not to declare the payment of a final dividend for the Year (2020: Nil).

### Annual General Meeting

The forthcoming annual general meeting of the Company (the **"2022 AGM"**) is scheduled to be held on Wednesday, 23 February 2022. A circular containing the details of the 2022 AGM and the notice of the 2022 AGM will be issued and sent to the Shareholders on Monday, 29 November 2021.

### Closure of the Register of Members

The register of members of the Company (the **"Register of Members"**) will be closed from Friday, 18 February 2022 to Wednesday, 23 February 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2022 AGM to be held on Wednesday, 23 February 2022, non-registered Shareholders must lodge all completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 17 February 2022.

### Business Review

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

A discussion and analysis of the activities of the Company as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's businesses, the compliance with relevant laws and regulations, as well as the Group's environmental policies and performance which have a significant impact on the Company, can be found in the "Management Discussion and Analysis" on pages 7 to 17, "Corporate Governance Report" on pages 24 to 40 and "Environmental, Social and Governance Report" on pages 58 to 83 of this annual report. Such discussion forms part of this report.



## Directors' Report (Continued)

### Financial Summary

A summary of the results and the assets and liabilities of the Group for each of the latest five financial years is set out on page 154 of this annual report. This summary does not form part of the audited consolidated financial statements.

### Dividend Policy

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

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

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

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

### Charitable Donations

During the Year, the Group has not made charitable donation. (2020: Nil).

### Plant and Equipment

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

### Borrowings

Particulars of borrowings of the Group as at 31 August 2021 are set out in note 23 to the consolidated financial statements.

### Interest Capitalised

The Group has not capitalised any interest during the Year (2020: Nil).

### Share Capital

Details of the Company's share capital is set out in note 26 to the consolidated financial statements.

### Pre-Emptive Rights

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

### Reserves

Details of movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 90 and in Note 34 to the consolidated financial statements, respectively.

### Distributable Reserves

Under the Companies Law of the Cayman Islands, the Company may pay dividends out of the profit or the share premium account in accordance with the provisions of Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, the Company remains able to pay the debts as and when they fall due in the ordinary course of business. As at 31 August 2021, the Company didn't have reserves available for distribution to Shareholders comprising share premium and accumulated losses.

### Purchase, Sale or Redemption of Listed Securities of the Company

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

## Directors' Report (Continued)

### Directors

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

#### Executive Directors

Mr. Zhou Junqi ("**Mr. Zhou**") (*Chairman*) (re-designated as ED on 24 June 2021)  
Mr. Lai Weijie, Terence ("**Mr. Lai**") (*Chairman*) (retired on 26 February 2021)  
Mr. Ho Zhi Yi, Levi ("**Mr. Ho**") (*Chief Executive Officer*)  
Mr. Yeap Wei Han, Melvyn ("**Mr. Yeap**") (*Chief Financial Officer*)  
Ms. Wong Pui Kei Peggy ("**Ms. Wong**") (appointed on 6 May 2021)  
Mr. Tan Chien Fong ("**Mr. Tan**") (resigned on 6 May 2021)

#### Non-executive Directors

Mr. Liu Junjie ("**Mr. Liu**") (*Vice Chairman*) (appointed on 24 June 2021)  
Mr. Ng Yook Tim ("**Mr. Ng**") (resigned on 6 May 2021)

#### INEDs

Mr. Ong King Keung ("**Mr. Ong**") (appointed on 6 May 2021)  
Mr. Law Chung Lam, Nelson ("**Mr. Law**")  
Mr. Zhou (appointed on 9 April 2021 and re-designated as ED on 24 June 2021)  
Ms. Huang Qingrong ("**Ms. Huang**") (appointed on 9 April 2021 and resigned on 15 September 2021)  
Mr. Chow Wai San ("**Mr. Chow**") (resigned on 6 May 2021)  
Mr. Choo Zheng Xi ("**Mr. Choo**") (resigned on 6 May 2021)

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

Mr. Zhou Junqi, Ms. Wong Pui Kei Peggy, Mr. Liu Junjie and Mr. Ong King Keung who were appointed on 9 April 2021, 6 May 2021, 24 June 2021 and 6 May 2021 respectively, shall hold office of Director until the forthcoming AGM. Mr. Zhou Junqi, Ms. Wong Pui Kei Peggy, Mr. Liu Junjie and Mr. Ong King Keung, being eligible, will offer themselves for re-election as a Director at the AGM.

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

Mr. Ho Zhi Yi Levi and Mr. Law Chong Lam Nelson will retire at the 2022 AGM and all of them, being eligible, will offer themselves for re-election at the 2022 AGM.

### Independence of the INEDs

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

### Directors' Service Contracts

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

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

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

### Directors' and Senior Management's Biographies

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

### Securities Transactions by Directors

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

### Directors' and Controlling Shareholders' Interests in Contracts

Other than as disclosed in note 31 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director, controlling shareholders (as defined in the GEM Listing Rules) of the Company and of their subsidiaries and their respective connected entities had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

### Arrangements to Enable Directors to Acquire Shares or Debentures

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

### Management Contracts

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

## Directors' Report (Continued)

### Directors' and Controlling Shareholders' Interests in Competing Business

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

### Compliance of Non-Competition Undertakings

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

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

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

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

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

As at 31 August 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) ("**SFO**")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (i) Long position in the Shares

Name of Directors/ Chief executive	Capacity/Nature of interest	Number of Shares/ underlying Shares interested <small>(Note 1)</small>	Approximate percentage of the Company's issued Shares*
Mr. Yeap <small>(Note 2)</small>	Interest held jointly with another person	30,499,000	6.93%
Mr. Ho <small>(Note 2)</small>	Interest held jointly with another person	30,499,000	6.93%

Notes:

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

\* The percentage represents the total number of the Shares and the underlying Shares interested divided by the number of issued Shares of 440,000,000 as at 31 August 2021.

## Directors' Report (Continued)

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

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

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

*Notes:*

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

Save as disclosed above, as at 31 August 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.



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

As at 31 August 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 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 <small>(Note 1)</small>	Approximate percentage of the Company's issued Shares*
Canola	Beneficial owner	30,499,000	6.93%
Ms. Ong Hui Hui (" <b>Ms. Ong</b> ") <small>(Note 2)</small>	Interest of spouse	30,499,000	6.93%
Mr. Terence Lai <small>(Note 3)</small>	Interest held jointly with another person	30,499,000	6.93%
Mr. Tan <small>(Note 3)</small>	Interest held jointly with another person	30,499,000	6.93%
Mr. Ng <small>(Note 3)</small>	Interest held jointly with another person	30,499,000	6.93%
Mr. Derek Lai <small>(Note 3)</small>	Interest held jointly with another person	30,499,000	6.93%
Fast Glory Group Limited	Beneficial owner	31,685,000	7.20%

#### Notes:

- All interests stated are long positions.
- 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.
- 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 6.93% of the issued Shares.

## Directors' Report (Continued)

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

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

Name of shareholders	Name of members of the Group	Capacity/Nature of interest	Number of ordinary share(s) (Note 1)	Approximate percentage of shareholding
Mr. Peh	Kogane Yama Restaurants Pte. Ltd.	Beneficial owner	80,400	40%
Jaesan Food Holdings (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 31 August 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.

### Share Option Scheme

The Company had conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 23 July 2018 (the “**Adoption Date**”), which became effective upon the commencement of dealings of the Shares on the Stock Exchange on the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted by the Company or agreed to be granted under the Share Option Scheme since the Adoption Date and up to the date of this report. Therefore, no share options lapsed or were exercised or cancelled during the Compliance Period and there were no outstanding share options as at 31 August 2021.

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

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

### Share Option Scheme (Continued)

#### Participants

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

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

#### Basis of exercise price

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

#### Maximum number of Shares available for issue

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

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

## Directors' Report (Continued)

### Share Option Scheme (Continued)

#### Maximum number of Shares available for issue (Continued)

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

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

#### Maximum entitlement of each participant

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

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

- (a) representing in aggregate over 0.1% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options is required to be approved by the Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the GEM Listing Rules in this regard.

### Share Option Scheme (Continued)

#### Period and amount payable for taking up an option

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

#### Vesting period of option

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

#### Remaining life

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

### Equity-Linked Agreements

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

### Debenture, Convertible Securities, Options, Warrants or Similar Rights

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

### Fund Raising Activities

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

## Directors' Report (Continued)

### Compliance with the Relevant Laws and Regulations

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

### Major Customers and Suppliers

Due to the nature of restaurant and catering business, the Group's major customers were mainly retail customers (being general public in the countries of operation), except for (i) the Indonesian Licensee; (ii) Jaesan Food Holdings; and (iii) Mr. Peh during the Year. For the Year, total revenue attributable to the abovementioned customers amounted to approximately SGD16,000, representing approximately 0.1% of the total revenue. Revenue from the Group's five largest customers accounted for less than 30% of the total sales for the Year and revenue from the largest customer included therein accounted for less than 5% of the total sales for the Year.

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

For the Year, purchases from the Group's five largest suppliers accounted for 35.5% of the Group's total purchases of raw materials and consumables consumed. During the Year, purchases from the Group's largest supplier accounted for 9.4% of the Group's total purchases of raw materials and consumables.

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

### Related Party Transactions and Connected Transactions

Details of the related party transactions entered into by the Group during the Year are set out in Note 31 to the consolidated financial statements. None of these related party transactions constitute non-fully exempted "connected transaction" or "continuing connected transaction" under Chapter 20 of the GEM Listing Rules. The Company confirms that it complies with the requirements set forth in Chapter 20 of the GEM Listing Rules.

### Corporate Governance Practices

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

Details of the principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 24 to 40 of this annual report.

### Sufficiency of Public Float

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

### Permitted Indemnity Provision

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

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

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

### Employees and Remuneration Policy

As at 31 August 2021, the Group has 99 full-time employees and 40 part-time employees for its operations in Singapore (2020: 130 full-time employees and 31 part-time employees). For the Year, the Group incurred staff costs, including Directors' remuneration, of approximately SGD5.3 million (2020: SGD5.7 million). The Company has adopted a Share Option Scheme on 23 July 2018, which became effective on the Listing Date, for the purpose of recognising and acknowledging the contribution of employees. Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. The Company has also established the RC to make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation and on the Group's policy and structure for remuneration. The Group values its employees and grows its staff by providing various trainings, including paid overseas visits to home brands in Korea, training on food processing procedures, training on customer service, etc.

### Emoluments of Directors and Five Highest Paid Employees

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

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

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

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



## Directors' Report (Continued)

### Environmental, Social and Governance Report

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

The "Environmental, Social and Governance Report", which forms part of this report, is set out on pages 58 to 83 of this annual report.

### Tax Relief

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

### Important Events After the Year

Save as the change of the Company Secretary of the Company which was disclosed in the Company's announcement dated 18 October 2021, the Board is not aware of any material event requiring disclosure, that has taken place subsequent to 31 August 2021 and up to the date of this report.

### Review by Audit Committee

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

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

### Independent Auditor

The consolidated financial statements for the Year have been audited by Zenith who retire and, being eligible, offer themselves for re-appointment at the 2022 AGM. A resolution will be proposed to the Shareholders at the 2022 AGM to re-appoint Zenith as the independent auditor of the Company.

By Order of the Board  
**K Group Holdings Limited**

**Yeap Wei Han, Melvyn**  
*Executive Director*

Singapore, 26 November 2021

# Environmental, Social and Governance Report

## About This Report

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

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

The Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

## Reporting period and scope

Reporting Period: 1 September 2020 to 31 August 2021 (the “**Reporting Period**”)

Reporting Scope: This ESG Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group. Hence, it covers the Group’s principal business of restaurant operation in Singapore only.

## Reporting principles

During the preparation for this ESG Report, the Group has applied the reporting principles in Appendix 20 as follows:

Reporting principles	Application
Materiality	During the reporting period, materiality assessment was conducted to identify key aspects of the Group’s long-term sustainability. Please refer to “Stakeholder engagement and materiality assessment” for more details.
Quantitative	This ESG Report has disclosed the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable).
Balance	This ESG Report aims to disclose data in an objective and unbiased way to provide stakeholders with a balanced overview of the Group’s overall ESG performances.
Consistency	The KPIs used, methods and other relevant factors are substantially unchanged, comparing to the previous year. For changes in scope of disclosure and calculation methodologies, proper disclosures and explanations are provided.

## Opinion and feedback

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

## Introduction

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

### 1. ESG governance structure

The Group considers ESG as part of the fiduciary duty and strives to embed ESG considerations into daily operation and management. The Board holds the overall responsibility on the ESG issues and keep an eye on the ESG strategies, direction and policies. The Board discusses and reviews the risks and opportunities, performance, progress, goals and targets regularly to monitor the ESG performance, related issues and potential risks.

The Group's business and functional departments also help for formulating relevant strategies in their respective areas and for the effectiveness of implementation in accordance with the sustainable development strategies and objectives suggested by the Board. Meetings are arranged regularly to evaluate the effectiveness of current policies and procedures and formulate appropriate solutions to improve the overall performance of ESG policies.

### 2. Stakeholder engagement and materiality assessment

Stakeholder engagement is a key success factor in formulating the Group's ESG strategies. The key stakeholders include customers, suppliers, employees, shareholders, government/regulatory authorities and the community. Materiality assessment was conducted by discussing the expectation and feedback from the key stakeholders in respect of ESG to understand their views, seriously considered and responded to their needs and expectations, evaluated and prioritised their inputs to improve the performance, and finally strive to provide values to the stakeholders.

Based on the result of the materiality assessment, the management of the Group identified use of resources, product responsibility and health and safety as key aspects of its long-term sustainability. Effective risk management and internal control systems on these aspects are reinforced with the aim of enhancing efficiency of operations and generating the environmental and social benefits to the stakeholders.

# Environmental, Social and Governance Report (Continued)

## Introduction (Continued)

### 2. Stakeholder engagement and materiality assessment (Continued)

Below sets forth the channels used for communication with respective stakeholder group.

Stakeholders	Communication Channels	Concerned issues of stakeholders
Customers	<ul style="list-style-type: none"> <li>• Company website</li> <li>• E-Mails</li> <li>• Feedback from employees</li> <li>• Customers comment cards</li> </ul>	<ul style="list-style-type: none"> <li>• Food and service quality</li> <li>• Delivery time</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier assessment</li> <li>• Site visit</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of fair environment for cooperation</li> <li>• Enhancement of mutual trust and benefit</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Annual/Extraordinary general meetings</li> <li>• Annual reports and announcements</li> <li>• Company website</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate transparency and reputation</li> <li>• Regulating corporate governance</li> <li>• Sustainable profitability</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employee training</li> <li>• Employee communication meetings</li> <li>• Performance reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational training and promotion</li> <li>• Ensuring occupational health</li> <li>• Remuneration packages and benefits</li> <li>• Working hours</li> </ul>
Governments/regulatory authorities	<ul style="list-style-type: none"> <li>• Routine reporting and disclosure</li> <li>• Announcements</li> <li>• Press release</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with policies and regulations</li> <li>• Tax compliance</li> <li>• Operational compliance</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Corporate social responsibility activity</li> <li>• Provision of employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Conservation of ecological systems</li> <li>• Promotion of community development</li> <li>• Charity participation</li> </ul>

## (A) Environmental

### 2.1 Environmental policy and compliance

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

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

The emissions of air pollutants and greenhouse gases in Singapore is governed by the Environmental Protection and Management Act (“**EPMA**”) and the Environmental Public Health Act (“**EPHA**”) and is under the National Environment Agency (“**NEA**”) monitoring.

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

### 2.2 Emission

The major emissions from the usage of town gas in the kitchen operation are air pollutants including nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>), and greenhouse gases including carbon dioxide (CO<sub>2</sub>), methane and nitrous oxides.

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

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

In addition, the Group has also set up an area for recycling box and storing the used cooking oil and grease trap wastes in each restaurant for the qualified vendors to collect and dispose of. Appropriate signage is placed on the recycling box stating what type of wastes or recyclable materials should be put into the box. Staff are encouraged to sort the waste before putting it into the appropriate recycling boxes.

# Environmental, Social and Governance Report (Continued)

## (A) Environmental (Continued)

### 2.2 Emission (Continued)

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

**Table 1 – Emission**

	Unit	2021	2020
<b>Type of air pollutants</b>			
NO <sub>x</sub>	Kg	14	56
SO <sub>x</sub>	G	90	152
Particulate matter	G	1,201	3,870
<b>Greenhouse Gas (“GHG”) emission</b>			
Scope 1 <i>(Note 1)</i>	tonnes of CO <sub>2</sub> e	21	28
Scope 2 <i>(Note 2)</i>	tonnes of CO <sub>2</sub> e	967	988
Scope 3 <i>(Note 3)</i>	tonnes of CO <sub>2</sub> e	39	41
Total GHG emission	tonnes of CO <sub>2</sub> e	1,027	1,057
GHG emission intensity	tonnes of CO <sub>2</sub> e/SGD'm revenue <i>(Note 4)</i>	67	70

Notes:

1. Scope 1: Direct emission from sources that are owned or controlled by the Group.
2. Scope 2: Indirect emissions from the generation of purchased electricity and purchased town gas consumed by the Group.
3. Scope 3: Other indirect emission from paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments and business air travel by employees.
4. The intensity refers to tonnes of CO<sub>2</sub>e per millions of revenue of the Group for the Reporting Period.

The reduction of air pollutants in the Reporting Period were mainly attributable to the outbreak of COVID-19, the Group strictly follows the Safe Management Measures issued by the Ministry of Manpower (“**MOM**”) which employees are recommended to work from home and unnecessary travelling are reduce to minimal.

The Group targets to reduce emission of air pollutants and greenhouse gases by 2% in the next fiscal year by the following practices:

- Create greater awareness of energy saving amongst employees;
- Use more energy-efficient motor vehicles; and
- Perform regular vehicle maintenance to ensure optimal engine performance and fuel consumption.



## (A) Environmental (Continued)

### 2.3 Hazardous and non-hazardous waste management

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

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

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

Bottled water is not used in office to reduce the generation of plastic waste.

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

**Table 2 – Non-hazardous waste**

	Unit	2021	2020
Non-hazardous waste produced	tonnes	528	440
Non-hazardous waste produced intensity	tonnes/SGD'm revenue <i>(Note)</i>	34	29

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

The increase in non-hazardous waste in the Reporting Period was mainly due to food wastage from prohibition of dining in at F&B outlets due to the safe distancing measures implemented by the Singapore government from May 2021 to June 2021 in response to the outbreak of the novel coronavirus.

The Group targets to reduce the wastage quantity by 2% in the next fiscal year, by monitoring the data of food wastes continuously and arrange our restaurants to donate unsold products to non-profit organizations.

# Environmental, Social and Governance Report (Continued)

## (A) Environmental (Continued)

### 2.4 Use of resources

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

#### (i) Energy Consumption

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

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

**Table 3 – Energy consumption**

	Unit	2021	2020
Towngas consumption	Kwh	671,125	865,917
Electricity consumption	Kwh	1,346,845	1,117,019
Total energy consumption	Kwh	2,017,970	1,982,936
Total energy consumption intensity	Kwh/SGD'm revenue (Note)	131,037	132,196

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

## (A) Environmental (Continued)

### 2.4 Use of resources (Continued)

#### (ii) Water Consumption

Water is another important resource used by the Group in daily operation. The Group consumes water in different activities, including food washing, cooking, ice-making and kitchen utensils cleaning. It endeavours effective water usage concept by identifying water saving initiatives and has adopted water-saving production methods and equipment to reduce the water consumption. The used water is re-used under feasible circumstances and only using the dishwasher with a full load. Head chefs and restaurant managers have been assigned to ensure there is no unwarranted use of water. To avoid unnecessary use of water, defrosting of the ice from the inner wall of the refrigerator is adopted regularly to keep the temperature in the refrigerator at a sufficiently low level so that the bacterial growth is relatively low and the shelf life of food can also increase as a result. Furthermore, the Group has conducted regular maintenance of water pipes to prevent leakage of water and repaired any defective components to ensure the water source is stable and clean for all purpose. Hence, the Group did not encounter any issue in sourcing water that is fit for purpose during the Reporting Period.

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

**Table 4 – Water consumption**

	Unit	2021	2020
Water consumption	m <sup>3</sup>	15,744	16,037
Water consumption intensity	m <sup>3</sup> /SGD'm revenue <i>(Note)</i>	1,022	1,069

*Note:* The intensity refers to m<sup>3</sup> of water per millions of revenue of the Group for the Reporting Period.

The Group targets to reduce energy consumption by 2% in the next fiscal year, by continuing to educate its employees on conservation habitats and performing regular cleaning and maintenance of refrigerators to consume less electricity.

# Environmental, Social and Governance Report (Continued)

## (A) Environmental (Continued)

### 2.4 Use of resources (Continued)

#### (iii) Packaging Materials

Take-away is also one of the restaurants' services to the customers. The Group uses plastic wraps and containers made by recyclable materials for food products packaging. We have also trained our staff at the restaurant to ask customers whether plastic bags, disposable tableware and straws are needed for their food and/or drinks, and to use fewer plastic bags when packaging food for customers. Our restaurants also encourage customers to bring their own container to purchase take away food.

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

**Table 5 – Packaging materials**

	Unit	2021	2020
Packaging materials used	tonnes	48	50
Packaging materials used intensity	tonnes/SGD'm revenue (Note)	3	3

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

### 2.5 The environment and natural resources

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

## (A) Environmental (Continued)

### 2.6 Climate change

Climate change has been a worldwide growing issue in recent years. In view of the importance of climate change, the Group identified a type of climate-related risks that might impact the Group. Acute physical risk can arise from extreme weather conditions such as flooding and storms and chronic physical risk can arise from sustained high temperature, while transition risk may result from the change in environmental-related regulations or change in customer preferences.

Upon evaluation of the potential acute physical risk that may cause disruption to our operation, precautionary measures have been implemented by the Group, including work arrangements of extreme weather conditions such as black rainstorm warning, flooding and typhoon signal No. 8. While sustained high temperature may result in an elevation of electricity consumption, the Group has adopted energy conservation measures in managing such risk, which are detailed in the sub-section of "Use of Resources". As for the potential transition risk, the Group continues to monitor the regulatory market environment to ensure that our food and services meet customers and regulatory expectations.

It is expected that potential extreme weather condition, sustained high temperature, change in environmental-related regulations do not directly impose material threat to the Group's operations. However, we will continue to monitor the climate related risks regularly and implement relevant measures to minimize the potential impact of climate change.

## (B) Social

### 3. Employment and Labour Practices

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

#### 3.1 Employment

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

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

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

Information, such as statement on work and rest hours, pay and performance issues, policies on benefits, training and leave, and disciplinary and dismissal procedures and possible sanctions, is clearly stated on a written employee hand book. The Group strictly complies with the working hours and statutory holidays under the related laws and regulations at places where the businesses operate. Personal leave, sick leave, marriage leave, maternity leave, work injury leave, etc. are provided to employees in order to balance their work and life. The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group. Staff meals are offered to our employees to build empathy and happiness in the workplace.

## (B) Social (Continued)

### 3. Employment and Labour Practices (Continued)

#### 3.1 Employment (Continued)

During the Reporting Period, the Group has not identified any non-compliance with the relevant laws and regulations relating of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Majority of our employees are based in Southeast Asia. The Group have implemented cost saving policy by reduction in manpower to cope with the COVID-19 pandemic.

The workforce and employee turnover statistics of the Group during the Reporting Period were as follows:

**Table 6 – Workforce statistics**

	2021		2020	
	Number of employees	Occupied percentage	Number of employees	Occupied percentage
<b>Gender</b>				
Female	66	47.5%	83	51.6%
Male	73	52.5%	78	48.4%
<b>Employment type</b>				
Full time	99	71.2%	130	80.7%
Part time	40	28.8%	31	19.3%
<b>Age range</b>				
18–30 years old	63	45.3%	85	52.8%
31–40 years old	58	41.7%	45	28.0%
41–50 years old	10	7.2%	17	10.5%
51–64 years old	8	5.8%	10	6.2%
≥ 65 years old	–	–	4	2.5%
<b>By Geographical Region</b>				
Southeast Asia	139	100%	161	100%
<b>Total number of employees</b>	<b>139</b>	<b>100%</b>	<b>161</b>	<b>100%</b>



# Environmental, Social and Governance Report (Continued)

## (B) Social (Continued)

### 3. Employment and Labour Practices (Continued)

#### 3.1 Employment (Continued)

**Table 7 – Employee turnover statistics**

	2021		2020	
	No. of headcount	Turnover rate	No. of headcount	Turnover rate
<b>Gender</b>				
Female	27	36.2%	18	21.7%
Male	22	29.1%	11	14.1%
<b>By job type</b>				
Full time	24	21.0%	16	12.3%
Part time	25	70.4%	13	41.9%
<b>By Age Group</b>				
18–30 years old	19	25.7%	12	14.1%
31–40 years old	28	54.4%	14	31.1%
41–50 years old	2	14.8%	3	17.7%
51–64 years old	–	–	–	–
≥ 65 years old	–	–	–	–
<b>By Geographical Region</b>				
Southeast Asia	49	32.7%	29	18.0

*Note:* The employee turnover rates are calculated using number of employees resigned divided by average number of employees for the year.

#### 3.2 Health and safety

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

## (B) Social (Continued)

### 3. Employment and Labour Practices (Continued)

#### 3.2 Health and safety (Continued)

Reinforcing employees' safety awareness is of crucial importance as prevention is always better than cure. All newly hired operational workers undergo safety training and receive guidance of acceptable personal hygiene measures. Training buddies are assigned to encourage and support newly joined employees to follow safety measures and to ensure that they are able to adapt to the new working environment smoothly. The surface of all the floors of restaurants shall be maintained even and non-slippery. Effective drainage should be installed in kitchen to prevent accumulation of water. Employees working in kitchen should wear non-slip shoes to prevent accidents. Knives should be kept safely with blades protected. All of the Group's restaurants are equipped with first aid kits. Meanwhile, fire warning system is regularly tested and fire emergency plan drill is organised to restaurants staff to proactively grasp the key points of evacuation and emergency rescue. In case of accident, insurance is covered by the basic security package.

The Group strictly follows the Safety Management Measures ("SMM") issued by the MOM to slow the rate of transmission and minimise strain on the healthcare capacity. To tackle the COVID-19 pandemic, the MOM updated the SMM regularly. The Group has issued guidelines in accordance to the SMM for protecting the health and safety of customers and employees as follows:

- Ensure at least one-meter distance between tables in our restaurant.
- Set aside a waiting area for customers and food delivery personnel to pick-up their orders.
- Imply contactless pick-up.
- Imply pre-ordering and pre-payment solutions, or self-checkouts and contactless payment methods.
- Workers (including food delivery personnel) and customers must be masked at all times.
- Common spaces and items, high-touch surfaces, interactive components must be cleaned and disinfected frequently.
- Workers must clean or sanitise their hands before handling food orders.
- Communal amenities for self-service must not be used. Cutlery and condiments should be individually packed and sealed.
- Hand sanitisers should be made available at common touchpoints.
- Food must be covered to minimise contamination risk.
- Workers must use utensils to handle food at all times. If the use of suitable utensils is not feasible, workers must wear clean gloves to handle the food. Appropriate hand hygiene practices must be observed.

# Environmental, Social and Governance Report (Continued)

## (B) Social (Continued)

### 3. Employment and Labour Practices (Continued)

#### 3.2 Health and safety (Continued)

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

**Table 8 – Occupational health and safety statistics**

Unit	2021	2020	2019
Number of lost days due to work injury	–	–	21
Number of work-related fatalities due to work	–	–	–
Number of work injuries due to work	–	–	1

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

#### 3.3 Development and training

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

On-the-job training is provided for every newly employed staff, whether with previous experience or not, and for those being relocated to a new post, to ensure employees are familiar with the new working conditions, job requirements as well as all other safety and environmental conservation practices at the work place. The Group provide experienced staff with checklists to ensure all matters on food quality, internal procedures and safety standards are properly discussed with new recruits. Employees are also provided with the opportunities to participate in training offered by professional training institutions or experts. The Group also encourage our employees to undertake external courses that are funded by the Group. Our Directors and senior management are encouraged to undertake some form of continuing professional development courses or training. The human resource department has maintained records of internal and external training programs participated by the Group's employees.

Food safety being a main concern of the customers, trainings about food safety regulations are provided to ensure that food handling staff receive the appropriate supervision and training in food hygiene, and to enable them to handle food in the safest manner.

## (B) Social (Continued)

### 3. Employment and Labour Practices (Continued)

#### 3.3 Development and training (Continued)

The restaurant manager or the head chef of restaurant also conduct regular debriefing with the employees of the restaurant for matters of attention, including customers comments and suggestions, changes in food and drinks menus, restaurant hygiene and cleanliness, as well as any recent incidents that occurred at the restaurant. The Group conducts regular reviews on its training strategies to enable its talents to develop themselves to their fullest potential.

The training statistics of employees during the Reporting Period are as follows:

**Table 9 – Employee training statistics**

Employee receiving training	2021		2020	
	Percentage of employees trained	Average training hours	Percentage of employees trained	Average training hours
<b>Gender</b>				
Female	12.1%	9	14.5%	7
Male	21.9%	5	23.1%	7
<b>By Employment Type</b>				
Management	60.0%	10	66.7%	7
Staff	15.4%	5	15.7%	7

#### 3.4 Labour Standard

Singapore published the Employment (Children and Young Persons) Regulations in 2000, where no child who is below the age of 13 years shall be employed in any occupation. The Prevention of Human Trafficking Act was also enforced in 2014, where any person who recruits, transports, transfers, harbours or receives an individual by any means of coercion or a child (below age of 18) for the purpose of exploitation shall be guilty of an offence. The legislations are enforceable for all business operations in Singapore. The Group are committed to ensure not hiring any child and forced labour. We have formalised the minimum age requirement of 18 years old in the Group's recruitment policies by verifying the personal information in each new hire's identity card. A legal-binding employment contract is signed with each employee.

The Group is committed to upholding the elimination of all forms of forced labor and supporting the effective abolition of child labor. The Group strictly prohibits the use of child labor in accordance with the relevant laws and regulations related to, among other things, prevention of child labor and forced labor. The human resources department should verify the identity documents and age of applicants during the process of recruitment to prevent hiring any underage individuals. In the event that any irregularities in ages, identities and/or validities of employment status is subsequently found, employment with all such concerned candidates will be immediately terminated. For the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations related to preventing child and forced labour.

## (B) Social (Continued)

### 4. Operational Practices

#### 4.1 Supply chain management

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

Our Group has maintained a list of approved food and beverage suppliers. In order to secure a stable supply of food ingredients and beverages, there are at least two approved suppliers for each type of food ingredient and beverage when possible. The head chef will monitor the quality of purchased ingredients and food items and may suggest to our management to consider removing certain suppliers if there is deterioration in the capacities, reliability or consistency of service and product quality of those suppliers. We may remove suppliers failing to meet our selection criteria or being susceptible of negative publicity from our supplier list. To minimise disruption to business operations and ensure quality of raw materials, majority of our suppliers are located in Singapore. As at 31 August 2021, we have approximately 120 active vendors in the approved vendors list.

When we identify a potential new supplier, our head chef will first screen the supplier whether their product quality can meet our standards and requirements, such as the cost, origin of the supply of the food ingredients, possession of necessary licences, timely delivery of orders and supply stability. Suppliers with certain qualifications will be given reference. If the potential supplier passes the initial screening and sample testing by the head chef, we will obtain approval from directors to add the new supplier in the approved supplier list. We will then place a small trial order to test the quality of their food, and their reliability and timeliness in the delivery before negotiating for a long-term supply relationship.

The Group arranges meetings with food suppliers and other service providers on a regular basis to ensure the provision of quality dining service to customers, and the food and beverages suppliers are carefully selected based on factors including food quality, food safety management, sources of ingredients, pricing and other terms, capacity and availability, track record and reputation, payment method and terms, delivery options and schedules, etc. The Group conducts supplier reviews regularly to maintain the standard of product quality and safety. All suppliers are required to hold valid licences issued by the government and all imported goods shall obtain proper clearance from respective authorities. All foods received from suppliers must be in compliance with the food labelling requirements, relevant hygiene and sanitary regulations. The Group monitors the performance of all suppliers from time to time to ensure that their food ingredients meet the stringent requirements and to safeguard the quality and condition of goods. Suppliers with past records of material environmental or social accidents, such as excessive pollutions discharges to the environment, exploitation of workers and food safety incidents, will be exempted from the list of suppliers.

The Group also monitors the reputation of the supplier's performance in business ethics, environmental protection, human rights and labour practices, and it will take note of such details during the procurement process. During this Reporting Period, the Group did not identify any cases of suppliers failing to meet the Group's requirements.

### (B) Social (Continued)

#### 4. Operational Practices (Continued)

##### 4.2 Product responsibility

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

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

The head chefs and restaurant managers are responsible for the quality control and assurance at each of the restaurants. They are responsible for inspecting the food supplies and ingredients, overseeing the food preparation process and monitoring the dining environment and kitchen area. The Group's operational workers clean and sanitise each of the restaurants to maintain health and safety in accordance with the policies and procedures. All dishes shall be freshly made in the kitchen and served to customers as soon as possible, which reduces the risk of food contamination. Also, raw food and cooked food are stored separately to avoid cross-contamination. All used food processing equipment will be cleaned thoroughly before it is used for processing another dish. Used utensils are collected, washed and dried after use by customers. If there are any food quality and safety concerns raised by our employees or received from customers, the outlet manager would be informed immediately to understand the situation. If it is assessed to have severe implications, the outlet manager would inform the Group management investigations and follow-up actions to be taken. During the Reporting Period, the Group did not aware of any food recall events due to health and safety reasons.

The marketing activities of our Group aim to promote pleasant dining experience at our restaurants with quality food and affordable prices available in a range of cuisine. We promote our restaurants through various marketing activities, including the maintenance of our website, the display of our menu in digital panels at the shopping malls, launching promotion campaigns with shopping mall networks. The Group believes the opinions from customers can drives its continuous improvement. Multiple feedback channels, including email and feedback form, have therefore been established to facilitate communication with customers and to satisfy customers' requirements. The restaurant managers will discuss the customer feedback with senior management in order to improve the overall operations. In case of receipt of complaints, the Group will take prompt actions and carry out remedial actions. The head chef and the restaurant manager of each restaurant also have regular meeting to communicate any problems encountered so as to ensure a smooth operation of the restaurant.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations regarding product responsibility nor received any complaints from customers that had any material adverse impact on the Group's brands, business and results of operation.

The logo and name of our brands have been registered as trademarks and protected under the "Trade Marks Act" in Singapore. In the event of intellectual property infringement by third parties, the Group will engage its legal counsel to take necessary action (i.e. warning letters, litigation) against them.

# Environmental, Social and Governance Report (Continued)

## (B) Social (Continued)

### 4. Operational Practices (Continued)

#### 4.3 Anti-corruption

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

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

The Group has established the Code of Conduct, Anti-Corruption policy, Anti-Fraud and Anti-Money Laundering policy. These policies are communicated to all new employees during their onboarding. Members of the Board of Directors have attended the anti-corruption and anti-bribery training courses prior to the Group's Initial Public Offering on the Hong Kong Stock Exchange in the previous reporting period.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations regarding bribery, extortion, fraud and money laundering. The Group was also not aware of any legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

### 5. Community Engagement

The Group is constantly aware of the needs of community and takes up the corporate responsibility to contribute to the society. The Group takes communities' interest into consideration and also strives to develop long-term relationships with the stakeholders and brings a positive impact on community development. Since its establishment, the Group is responsible taxpayer and offers job opportunities to local people to release the pressure from unemployment.

In response to the COVID-19 outbreak, the Group safeguarded the health of our customers and food delivery personnel by providing alcohol-based hand sanitisers and cleansers to them to ensure that they were not infected with the virus and to prevent the spread of the virus to the community. The Group will devote more resources to volunteering activities in the future and consider to support any charitable organizations from time to time where appropriate.



# Environmental, Social and Governance Report (Continued)

## ESG Reporting Guide Content Index

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

# Environmental, Social and Governance Report (Continued)

## ESG Reporting Guide Content Index (Continued)

ENVIRONMENTAL		Section Reference
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Information on: Policies on the efficient use of resources, including energy, water and other raw materials.	Use of resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of resources
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The environment and natural resources
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate change

# Environmental, Social and Governance Report (Continued)

## ESG Reporting Guide Content Index (Continued)

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

# Environmental, Social and Governance Report (Continued)

## ESG Reporting Guide Content Index (Continued)

SOCIAL		Section Reference
<b>Aspect B3: Development and Training</b>		
General Disclosure	<p>Policies on improving employees' knowledge and skills for discharging duties at work.</p> <p>Description of training activities.</p> <p><i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	Development and training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and training
<b>Aspect B4: Labour Standards</b>		
General Disclosure	<p>Information on:</p> <ul style="list-style-type: none"> <li>a) the policies; and</li> <li>b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li> </ul>	Labour standard
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour standard
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour standard

# Environmental, Social and Governance Report (Continued)

## ESG Reporting Guide Content Index (Continued)

SOCIAL		Section Reference
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management

# Environmental, Social and Governance Report (Continued)

## ESG Reporting Guide Content Index (Continued)

SOCIAL		Section Reference
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising labelling and privacy matters relating to products and services provided and methods of redress.	Product responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Not applicable as the Group did not collect customer data in the operation.

# Environmental, Social and Governance Report (Continued)

## ESG Reporting Guide Content Index (Continued)

SOCIAL		Section Reference
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community engagement



## Independent Auditor's Report



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

We were engaged to audit the consolidated financial statements of K Group Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 87 to 153, which comprise the consolidated statement of financial position as at 31 August 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

### Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Disclaimer of Opinion

#### Material Uncertainty Related to Going Concern

As at 31 August 2021, there were conditions which indicate the existence of material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal courses of business.

As described in Note 2 to the consolidated financial statements, the Group incurred a loss of SGD6,929,000 for the year ended 31 August 2021 and, as of that date, had net current liabilities and net liabilities of SGD6,478,000 and SGD3,895,000, respectively. As at the reporting date, the Group’s operations have continuously affected by the social unrest in Singapore, the Coronavirus Disease 2019 (“**COVID-19**”) pandemic and the COVID-19 restrictions and control measures. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

## Independent Auditor's Report (Continued)

### Basis for Disclaimer of Opinion (Continued)

#### Material Uncertainty Related to Going Concern (Continued)

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in Note 2 to the consolidated financial statements. The validity of which depends upon the financial support of the substantial shareholders of the Company, at a level sufficient to finance the working capital requirements of the Group. The consolidated financial statements do not include any adjustment that would result from the failure to obtain the financial support. We consider that the material uncertainty has been adequately in the consolidated financial statements.

However, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as the validity of the financial support from the substantial shareholders of the Company as describe above. There are no other satisfactory audit procedures that we could adopt to determine whether these substantial shareholders of the Company have financial ability to honour the financial support to the Group. We disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

### Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

## Independent Auditor's Report (Continued)

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we are unable to obtain sufficient appropriate audit evidence to form an opinion on the consolidated financial statements. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Zenith CPA Limited

*Certified Public Accountants*

Practising Certificate Number: P04887

Hong Kong

26 November 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 August 2021

	Notes	2021 SGD'000	2020 SGD'000
Revenue	5	15,431	14,916
Other (losses)/income, net	7	(1,984)	435
Cost of inventories consumed		(4,347)	(4,292)
Staff costs		(5,297)	(5,673)
Depreciation and amortisation		(5,296)	(5,546)
Rental and related expenses		(812)	(807)
Utility expenses		(554)	(509)
Marketing and advertising expenses		(248)	(482)
Franchise and licensing fees		(231)	(157)
Other operating expenses		(2,865)	(3,127)
Impairment losses on financial assets, net		(62)	(2,017)
Finance costs	8	(682)	(732)
Loss before tax	9	(6,947)	(7,991)
Income tax credit	10	18	26
Loss for the year		(6,929)	(7,965)
<b>Other comprehensive income</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in the subsequent periods:</i>			
Exchange differences on translation of foreign operations		7	5
Total comprehensive loss for the year		(6,922)	(7,960)
Loss for the year attributable to:			
Owners of the parent		(6,722)	(7,405)
Non-controlling interests		(207)	(560)
		(6,929)	(7,965)
Total comprehensive loss attributable to:			
Owners of the parent		(6,718)	(7,402)
Non-controlling interests		(204)	(558)
		(6,922)	(7,960)
<b>Loss per share attributable to ordinary equity holders of the parent</b>			
Basic and diluted	13	SGD(1.53) cents	SGD(1.74) cents

# Consolidated Statement of Financial Position

31 August 2021

	Notes	2021 SGD'000	2020 SGD'000
<b>Non-current Assets</b>			
Plant and equipment	14	1,677	3,864
Right-of-use assets	15(a)	2,387	10,300
Intangible assets	16	247	1,086
Rental and other deposits	18	1,059	1,159
Deposits paid for acquisition of plant and equipment		–	474
<b>Total Non-current Assets</b>		<b>5,370</b>	<b>16,883</b>
<b>Current Assets</b>			
Inventories	17	76	35
Trade and other receivables, deposits and prepayments	18	1,229	969
Due from directors	19	227	469
Due from holding company	21	27	25
Cash and bank balances	22	379	1,415
<b>Total Current Assets</b>		<b>1,938</b>	<b>2,913</b>
<b>Current Liabilities</b>			
Trade and other payables and accruals	20	4,449	4,638
Due to non-controlling interests	21	93	93
Interest-bearing bank and other borrowings	23	643	749
Lease liabilities	15(b)	3,185	3,423
Tax payable		–	13
Provision for reinstatement costs	25	46	–
<b>Total Current Liabilities</b>		<b>8,416</b>	<b>8,916</b>
<b>Net Current Liabilities</b>		<b>(6,478)</b>	<b>(6,003)</b>
<b>Total Assets less Current Liabilities</b>		<b>(1,108)</b>	<b>10,880</b>
<b>Non-current Liabilities</b>			
Lease liabilities	15(b)	2,606	7,617
Deferred tax liabilities	24	34	34
Provision for reinstatement costs	25	147	202
<b>Total Non-current Liabilities</b>		<b>2,787</b>	<b>7,853</b>
<b>Net (Liabilities)/Assets</b>		<b>(3,895)</b>	<b>3,027</b>

# Consolidated Statement of Financial Position (Continued)

31 August 2021

	Notes	2021 SGD'000	2020 SGD'000
<b>Equity</b>			
Equity attributable to owners of the parent			
Share capital	26	764	764
Other reserves		(3,761)	2,957
		(2,997)	3,721
Non-controlling interests		(898)	(694)
<b>(Deficiency in Assets)/Total Equity</b>		<b>(3,895)</b>	<b>3,027</b>

**Yeap Wei Han, Melvyn**  
DIRECTOR

**Ho Zhi Yi, Levi**  
DIRECTOR

# Consolidated Statement of Changes in Equity

Year ended 31 August 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 2019	694	9,316	4,507	(6,002)	1	8,516	(136)	8,380
Loss for the year	-	-	-	(7,405)	-	(7,405)	(560)	(7,965)
Exchange differences on translation of foreign operations	-	-	-	-	3	3	2	5
Total comprehensive loss for the year	-	-	-	(7,405)	3	(7,402)	(558)	(7,960)
Issue of shares (Note 26)	70	2,594	-	-	-	2,664	-	2,664
Share issue expenses (Note 26)	-	(57)	-	-	-	(57)	-	(57)
At 31 August 2020 and 1 September 2020	<b>764</b>	<b>11,853*</b>	<b>4,507*</b>	<b>(13,407)*</b>	<b>4*</b>	<b>3,721</b>	<b>(694)</b>	<b>3,027</b>
Loss for the year	-	-	-	(6,722)	-	(6,722)	(207)	(6,929)
Exchange differences on translation of foreign operations	-	-	-	-	4	4	3	7
Total comprehensive loss for the year	-	-	-	(6,722)	4	(6,718)	(204)	(6,922)
At 31 August 2021	<b>764</b>	<b>11,853*</b>	<b>4,507*</b>	<b>(20,129)*</b>	<b>8*</b>	<b>(2,997)</b>	<b>(898)</b>	<b>(3,895)</b>

\* These reserve amounts comprise the consolidated other reserves of negative SGD3,761,000 (2020: positive SGD2,957,000) in the consolidated statement of financial position.



# Consolidated Statement of Cash Flows

Year ended 31 August 2021

	Notes	2021 SGD'000	2020 SGD'000
<b>Cash flows from operating activities</b>			
Loss before tax		(6,947)	(7,991)
Adjustments for:			
Interest income	7	(19)	(18)
Gains on remeasurement of lease contracts	7	(39)	–
Impairment loss on plant and equipment	7	1,487	645
Impairment loss on right-of-use assets	7	2,467	311
Impairment loss on intangible assets	7	772	136
Rent concessions related to COVID-19	7	(563)	(742)
Loss on written off of plant and equipment	7	93	217
Finance costs	8	682	732
Depreciation of plant and equipment	9	1,426	1,460
Depreciation of right-of-use assets	9	3,803	4,014
Amortisation of intangible assets	9	67	72
Write down of inventories to net realisable value	9	(3)	(10)
(Reversal of impairment)/impairment loss on trade receivables, net	9	(3)	325
Impairment loss on other receivables, net	9	65	492
Impairment loss on other deposits	9	–	1,200
Reversal of deferred rental liabilities		–	(135)
Provision for reinstatement costs, net	25	(13)	28
		<b>3,275</b>	736
(Increase)/decrease in inventories		(38)	45
(Increase)/decrease in trade and other receivables, deposits and prepayments		(565)	903
(Decrease)/increase in trade and other payables and accruals		(189)	1,676
Cash generated from operations		<b>2,483</b>	3,360
Income tax refund/(paid)		<b>5</b>	(24)
<b>Net cash flows from operating activities</b>		<b>2,488</b>	3,336
<b>Cash flows from investing activities</b>			
Purchases of plant and equipment		(339)	(1,991)
Additions to deposits paid for acquisition of plant and equipment		–	(474)
Additions to intangible assets		–	(150)
Repayment from directors		261	109
Cash paid for reinstatement costs	25	(14)	(25)
Advances to holding company		(2)	(3)
<b>Net cash flows used in investing activities</b>		<b>(94)</b>	(2,534)

## Consolidated Statement of Cash Flows (Continued)

Year ended 31 August 2021

	Notes	2021 SGD'000	2020 SGD'000
<b>Cash flows from financing activities</b>			
Net proceeds from placing of shares	26	–	2,607
New borrowings		500	1,410
Repayment of borrowings		(606)	(1,660)
Interest paid		(67)	(51)
Advance from non-controlling interests	29(a)	–	20
Repayment of lease liabilities	29(a)	(3,264)	(3,261)
<b>Net cash flows used in financing activities</b>		<b>(3,437)</b>	<b>(935)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,043)</b>	<b>(133)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,415</b>	<b>1,542</b>
Effect of foreign exchange rate changes, net		7	6
<b>Cash and cash equivalents at end of the year, represented by cash and bank balances</b>		<b>379</b>	<b>1,415</b>

## 1. CORPORATE AND GROUP INFORMATION

K Group Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands, and the principal place of business of the Company located at 1 Grange Road, Orchard Building, #12-01, Singapore 239693.

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

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

### Coronavirus (COVID-19) Impact

The unprecedented COVID-19 pandemic has brought about uncertainties to the general economic environment which affected the operations of the Group during and subsequent to the financial year end ended 31 August 2021.

On 4 May 2021, the Singapore Multi-Ministry Taskforce announced additional measures and restrictions under Phase 2 (“**Heightened Alert**”) from 16 May 2021 to 13 June 2021 to minimise transmission of the virus following the resurgence of COVID-19 cases in Singapore. This is followed by Phase 3 Heightened Alert from 14 June 2021 onwards with gradual resumption of activities. During the period up to 20 June 2021, dine-in is disallowed and the subsidiaries continued restaurant operations offering takeaways and delivery options. The Singapore Government has offered subsidies and rental rebates during the Phase 2 Heightened Alert period to mitigate the impact to the affected industries, including food and beverage industry.

The Group has considered the impact of COVID-19 and the related market volatility in preparing its consolidated financial statements. In general, COVID-19 has a negative impact on the group’s future financial results

An assessment was made for the reporting year whether there is any indication that the above-mentioned assets and liabilities may be impacted adversely. If any such indication of uncertainties exists, a write down/ allowance would be done accordingly.

The Group will continue to assess the situation and put in place appropriate measures to minimise the impact to the business.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 1. CORPORATE AND GROUP INFORMATION (Continued)

### Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable of the Company		Principal activities
			Direct	Indirect	
K Investment Holdings Limited	British Virgin Islands	US\$20,000	100%	–	Investment holdings
K Food Holdings Pte. Ltd.	Singapore	SGD4,493,760	–	100%	Investment holdings and operating restaurant in Singapore
Kogane Yama Restaurants Pte. Ltd.	Singapore	SGD203,000	–	60%	Operating restaurant in Singapore
Gangnam Kitchen Pte. Ltd.	Singapore	SGD3,000	–	100%	Operating central kitchen and catering services in Singapore
Nipong Naepong Singapore Pte. Ltd.	Singapore	SGD100	–	100%	Operating restaurant in Singapore
SB Westgate Pte. Ltd. (ceased business during the year)	Singapore	SGD150,000	–	100%	Operating restaurant in Singapore
NY Night Market (313) Pte. Ltd.	Singapore	SGD300,000	–	100%	Operating restaurant in Singapore
Ny Night Market (VIVO) Pte. Ltd.	Singapore	SGD300,000	–	100%	Operating restaurant in Singapore
SB 313 Pte. Ltd.	Singapore	SGD300,000	–	100%	Operating restaurant in Singapore
Kota Bak Kut Teh (SG) Pte. Ltd.	Singapore	SGD100	–	90%	Operating restaurant in Singapore
Kota Bak Kut Teh (SRG) Pte. Ltd.	Singapore	SGD100	–	80%	Operating restaurant in Singapore
The Chir HV Pte. Ltd. (formerly known as TBN Bugis Pte. Ltd.)	Singapore	SGD200,000	–	100%	Operating restaurant in Singapore

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

## 2. BASIS OF PRESENTATION

The Group incurred a loss attributable to owners of the parent of the Company of SGD6,722,000 for the year ended 31 August 2021 and had net liabilities and net current liabilities of SGD3,895,000 and SGD6,478,000 respectively; the Group has interest-bearing bank and other borrowings of SGD643,000, and trade and other payables of SGD3,844,000 as at 31 August 2021. The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as going concern.

The directors has given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration the following:

- (i) several substantial shareholders of the Company have confirmed that they shall provide continuous financial support to the Group for a period of twelve months from the date of approval of the consolidated financial statements by the directors; and
- (ii) having regard to measures to tighten controls over expenses and to better manage the Group's working capital, the directors believe that the Group is able to continue to generate sufficient cash flows from operations.

The directors believe that, taking into account the above factors, the Group will have sufficient working capital to satisfy its present requirements for at least next 18 months from the end of reporting period.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

## 3.1 BASIS OF PREPARATION

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

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 3.1 BASIS OF PREPARATION (Continued)

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 August 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

## 3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted *the Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of *the Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 September 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“**RFR**”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.



# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (d) The Group has early adopted the amendment to HKFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021* which provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with earlier application permitted.

During the year ended 31 August 2021, certain lease payments for the leases of the Group's leasehold properties have been reduced by the lessors as a result of the COVID-19 pandemic. The Group has early adopted the amendment on 1 September 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the year ended 31 August 2021. Accordingly, a reduction in the lease payments arising from the rent concessions of SDG563,000 has been accounted for as other income by derecognising part of the lease liabilities and credited to profit or loss for the year ended 31 August 2021.

- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

## 3.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
HKFRS 17	<i>Insurance Contracts</i> <sup>3</sup>
Amendments to HKFRS 17	<i>Insurance Contracts</i> <sup>3, 6</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>3, 5</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>3</sup>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> <sup>3</sup>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>3</sup>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> <sup>2</sup>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>2</sup>
<i>Annual Improvement to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined but available for adoption

<sup>5</sup> As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

<sup>6</sup> As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's financial performance and financial position.

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Impairment of non-financial assets

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

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

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

### Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Related parties (Continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

### Plant and equipment and depreciation

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

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

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Plant and equipment and depreciation (Continued)

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

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

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

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

### Intangible assets

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

### Trademarks and franchise rights

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

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### (a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	Over the lease terms
Motor vehicles	5 years

##### (b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### Group as a lessee (Continued)

##### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### Investments and other financial assets

#### Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Investments and other financial assets (Continued)

#### *Subsequent measurement*

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

#### *Financial assets at amortised cost (debt instruments)*

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

### Derecognition of financial assets

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

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

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

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

### Impairment of financial assets

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



## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of financial assets (Continued)

#### *General approach*

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

- |         |   |                                                                                                                                                                                                                                      |
|---------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stage 1 | — | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs                                               |
| Stage 2 | — | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | — | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs                          |

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Impairment of financial assets (Continued)**

#### *Simplified approach*

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

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

### **Financial liabilities**

#### *Initial recognition and measurement*

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

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

The Group's financial liabilities include trade and other payables, borrowings and other monetary liabilities.

#### *Subsequent measurement*

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

#### *Financial liabilities at amortised cost (loans and borrowings)*

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

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

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

### **Inventories**

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

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Cash and cash equivalents

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

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

### Provisions

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

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

### Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Income tax (Continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

### Government grants

Government grants are recognised at their fair value there is reasonable assurance that the grant will be received and all attaching conditions will be complied with, When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which is intended to compensate, are expensed.

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue recognition

#### *Revenue from contracts with customers*

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

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

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

#### *(a) Restaurant operation*

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

#### *(b) Sales of food ingredients*

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

#### *(c) Provision of franchise and royalty services*

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

#### *Other income*

- (a) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.
- (b) Provision of management service is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Share-based payments

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

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

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

### Other employee benefits

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

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

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

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

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

### Borrowing costs

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

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Foreign currencies

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

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

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

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

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

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

#### **Provision for expected credit losses on trade receivables**

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 18 to the consolidated financial statements.



## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### Impairment of plant and equipment, right-of-use assets and intangible assets

During the year ended 31 August 2021, certain restaurants of the Group incurred losses, which indicated that plant and equipment, right-of-use assets and intangible assets of those restaurants may be impaired. Determining whether plant and equipment, right-of-use assets and intangible assets are impaired require an estimation of value-in-use of CGU to be the respective restaurants to which the plant and equipment, right-of-use assets and intangible assets belong. The amount of the impairment loss is measured as the difference between the asset's carrying amount and its recoverable amount. Value-in-use is the estimated future cash flow discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The value-in-use calculation requires the Group to estimate the future cash inflows/outflows expected to arise from the respective CGUs by considering the budgeted revenue, budgeted gross margin and expected growth rate which are based on past performance and management's expectations for the future changes in the market and taking into account a suitable discount rate to calculate the present value. Where the actual future cash flows are less than expected, or unfavourable changes in facts and circumstances which result in downward revision of estimated future cash flows for the purpose of determining the value-in-use, further impairment loss may arise. Details of plant and equipment, right-of-use assets and intangible assets are disclosed in Notes 14, 15(a) and 16 to the consolidated financial statements, respectively.

### Determining the lease term with renewal options

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether or not to exercise the option to renew the lease. That is, considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

### Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 5. REVENUE

An analysis of revenue is as follows:

	2021 SGD'000	2020 SGD'000
<b>Revenue from contract with customers</b>	<b>15,431</b>	14,916

### Revenue from contract with customers

#### (i) Disaggregated revenue information

For the year ended 31 August 2021

Segments	Restaurant operations SGD'000	Sale of food ingredients SGD'000	Provision of franchise and royalty services SGD'000	Total SGD'000
<b>Types of goods or services</b>				
Catering services in restaurants	15,397	–	–	15,397
Sale of food ingredients	–	18	–	18
Provision of franchise and royalty services	–	–	16	16
Total revenue from contracts with customers	15,397	18	16	15,431
<b>Geographical markets</b>				
Singapore	15,397	18	–	15,415
Indonesia	–	–	16	16
Total revenue from contracts with customers	15,397	18	16	15,431
<b>Timing of revenue recognition</b>				
Goods transferred at a point of time	15,397	18	–	15,415
Services transferred over time	–	–	16	16
Total revenue from contracts with customers	15,397	18	16	15,431

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 5. REVENUE (Continued)

### Revenue from contract with customers (Continued)

#### (i) Disaggregated revenue information (Continued)

For the year ended 31 August 2020

Segments	Restaurant operations SGD'000	Sale of food ingredients SGD'000	Provision of franchise and royalty services SGD'000	Total SGD'000
<b>Types of goods or services</b>				
Catering services in restaurants	14,758	–	–	14,758
Sale of food ingredients	–	104	–	104
Provision of franchise and royalty services	–	–	54	54
Total revenue from contracts with customers	14,758	104	54	14,916
<b>Geographical markets</b>				
Singapore	14,545	104	9	14,658
Malaysia	213	–	7	220
Indonesia	–	–	38	38
Total revenue from contracts with customers	14,758	104	54	14,916
<b>Timing of revenue recognition</b>				
Goods transferred at a point of time	14,758	104	–	14,862
Services transferred over time	–	–	54	54
Total revenue from contracts with customers	14,758	104	54	14,916

#### (ii) Performance obligations

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

##### *Restaurant operations*

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

##### *Sale of food ingredients*

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

##### *Provision of franchise and royalty services*

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

## 6. OPERATING 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.

### Geographical information

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

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

	Revenue from external customers		Non-current assets	
	2021 SGD'000	2020 SGD'000	2021 SGD'000	2020 SGD'000
Singapore	15,415	14,658	5,123	15,797
Malaysia	—	220	—	—
Indonesia	16	38	—	—
	<u>15,431</u>	<u>14,916</u>	<u>5,123</u>	<u>15,797</u>

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

### Information about major customers

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

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 7. OTHER (LOSSES)/INCOME, NET

	2021 SGD'000	2020 SGD'000
Exchange loss, net	(10)	(3)
Loss on written off of plant and equipment	(93)	(217)
Gains on remeasurement of lease contracts	39	–
Impairment loss on plant and equipment	(1,487)	(645)
Impairment loss on right-of-use assets	(2,467)	(311)
Impairment loss on intangible assets	(772)	(136)
Interest income	19	18
Government grants*:		
– Jobs support scheme	1,343	528
– Rental support scheme	466	270
– Other government grants	107	100
Rent concessions related to COVID-19 (Note 15(c))	563	742
Management fee income	71	–
Others	237	89
	<b>(1,984)</b>	<b>435</b>

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

## 8. FINANCE COSTS

	2021 SGD'000	2020 SGD'000
Interest on bank loans	7	28
Interest on other loan	41	–
Interest on trust receipt loans	19	23
Interest on lease liabilities	615	681
	<b>682</b>	<b>732</b>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 9. LOSS BEFORE TAX

	2021 SGD'000	2020 SGD'000
The Group's loss before tax is arrived at after charging:		
Auditor's remuneration		
– Current	135	111
– Underprovision	–	7
Amortisation of intangible assets <i>(Note 16)</i>	67	72
Depreciation of plant and equipment <i>(Note 14)</i>	1,426	1,460
Depreciation of right-of-use assets <i>(Note 15(a))</i>	3,803	4,014
(Reversal of impairment)/impairment of trade receivables, net <sup>#</sup>	(3)	325
Impairment of other receivables, net <sup>#</sup>	65	492
Impairment of other deposits <sup>#</sup>	–	1,200
Employee benefit expenses excluding directors' and chief executive's remuneration <i>(Note 11)</i> :		
– Salaries and allowances	4,249	4,391
– Retirement benefit contributions	370	306
	<b>4,619</b>	<b>4,697</b>
Lease payments not included in the measurement of lease liabilities <i>(Note 15(c))</i>	130	146
Write down of inventories to net realisable value*	3	10

\* Items are included in "cost of inventories consumed" in the consolidation statement of profit or loss and other comprehensive income.

<sup>#</sup> Items are included "Impairment losses on financial assets, net" in the consolidation statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 10. INCOME TAX

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the year ended 31 August 2021 (2020: Nil).

Singapore Corporate Income Tax has been provided at 17% (2020: 17%) on the estimated assessable profits arising in Singapore during the year.

Taxation arising in other jurisdictions have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2021 SGD'000	2020 SGD'000
Current – Singapore (Over)/under provision in prior years	(18)	11
Deferred (Note 24)	–	(37)
Total tax credit for the year	(18)	(26)

A reconciliation of the income tax credit applicable to loss before tax at the statutory rates of Singapore, where the Company is headquarter, to the tax credit is as follows:

	2021 SGD'000	2020 SGD'000
Loss before tax	(6,947)	(7,991)
Tax charged at the domestic income tax rate of 17%	(1,180)	(1,358)
Difference in tax rates of subsidiaries operating in other jurisdictions	–	(37)
Expenses not deductible for tax	1,044	536
Tax losses not recognised	472	834
Income not subject to tax	(336)	(12)
(Over)/under provision in respect of prior years	(18)	11
Income tax credit for the year	(18)	(26)

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

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

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

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on GEM, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 SGD'000	2020 SGD'000
Fees	57	257
Other emoluments:		
Salaries and allowances	565	664
Retirement benefit contributions	56	55
	621	719
	678	976



# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

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

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

	Year ended 31 August 2021			
	Directors' fee	Salaries and allowances	Retirement benefit contributions	Total
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Executive directors</b>				
Mr. Terence Lai <sup>1</sup>	–	105	12	117
Mr. Yeap Wei Han, Melvyn (“Mr. Yeap”)	–	142	12	154
Mr. Ho Zhi Yi, Levi (“Mr. Ho”)	–	226	30	256
Mr. Tan Chien Fong (“Mr. Tan”) <sup>2</sup>	–	29	1	30
Ms. Wong Pui Kei, Peggy <sup>3</sup>	–	20	–	20
Mr. Zhou Junqi <sup>4</sup>	–	13	–	13
Sub-total	–	535	55	590
<b>Non-executive directors</b>				
Mr. Ng Yook Tim (“Mr. Ng”) <sup>2</sup>	–	29	1	30
Mr. Liu Junjie <sup>5</sup>	–	1	–	1
Sub-total	–	30	1	31
<b>Independent non-executive directors</b>				
Mr. Choo Zheng Xi <sup>2</sup>	11	–	–	11
Mr. Chow Wai San <sup>2</sup>	11	–	–	11
Mr. Law Chun Lam, Nelson	16	–	–	16
Mr. Zhou Junqi <sup>4</sup>	11	–	–	11
Ms. Huang Qingrong <sup>6</sup>	1	–	–	1
Mr. Ong King Keung <sup>3</sup>	7	–	–	7
Sub-total	57	–	–	57
Total	57	565	56	678

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

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

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

	Year ended 31 August 2020			
	Directors' fee	Salaries and allowances	Retirement benefit contributions	Total
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Executive directors</b>				
Mr. Terence Lai	40	177	13	230
Mr. Yeap	40	156	12	208
Mr. Ho	40	239	26	305
Mr. Tan	40	51	2	93
Sub-total	160	623	53	836
<b>Non-executive director</b>				
Mr. Ng	40	41	2	83
<b>Independent non-executive directors</b>				
Mr. Choo Zheng Xi	19	–	–	19
Mr. Chow Wai San	19	–	–	19
Mr. Law Chun Lam, Nelson	19	–	–	19
Sub-total	57	–	–	57
Total	257	664	55	976

<sup>1</sup> Retired on 26 February 2021

<sup>2</sup> Resigned on 6 May 2021

<sup>3</sup> Appointed on 6 May 2021

<sup>4</sup> Appointed as independent non-executive director on 9 April 2021 and re-appointed as executive director on 24 June 2021

<sup>5</sup> Appointed on 24 June 2021

<sup>6</sup> Appointed on 9 April 2021 and subsequently resigned on 15 September 2021

Note:

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

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

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

### (b) Five highest paid employees

The five highest paid employees of Group during the year included three directors (2020: three directors), details of whose emoluments are set out in (a) above. Details of the remuneration for the year of the remaining two (2020: two) individuals who are neither a director nor chief executive of the Company are as follows:

	2021 SGD'000	2020 SGD'000
Salaries, allowances and other benefits	204	207
Retirement benefit contributions	33	32
	<u>237</u>	<u>239</u>

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

	2021 No. of employees	2020 No. of employees
Nil to HK\$1,000,000	<u>2</u>	<u>2</u>

During the year, no emolument was paid by the Group to any of the director of the Company or the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 12. DIVIDEND

No dividend was paid or proposed during the year ended 31 August 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

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

The calculation of the basic and diluted loss based on:

	2021 SGD'000	2020 SGD'000
<b>Loss:</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	<u>(6,722)</u>	<u>(7,405)</u>
	Number of shares 2021	2020
<b>Shares:</b>		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>440,000,000</u>	<u>424,986,301</u>

Diluted loss per share is the same as basic loss per share as there was no potential dilutive ordinary shares in issue during the year (2020: Nil).

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 14. PLANT AND EQUIPMENT

	Computer and office equipment SGD'000	Furniture and fittings SGD'000	Kitchen equipment SGD'000	Leasehold improvements SGD'000	Motor vehicle SGD'000	Total SGD'000
<b>COST</b>						
At 1 September 2019	533	351	799	4,931	–	6,614
Additions	39	119	72	1,761	–	1,991
Written off	–	(77)	(176)	(283)	–	(536)
Exchange realignment	–	–	(1)	(1)	–	(2)
At 31 August 2020 and 1 September 2020	572	393	694	6,408	–	8,067
Reclassified from right-of-use assets	–	–	–	–	48	48
Additions	25	22	59	707	–	813
Written off	–	–	–	(755)	–	(755)
<b>At 31 August 2021</b>	<b>597</b>	<b>415</b>	<b>753</b>	<b>6,360</b>	<b>48</b>	<b>8,173</b>
<b>ACCUMULATED DEPRECIATION/ IMPAIRMENT</b>						
At 1 September 2019	281	94	246	1,797	–	2,418
Provided for the year (Note 9)	96	82	148	1,134	–	1,460
Impairment loss recognised	–	–	–	645	–	645
Eliminated on written off	–	(25)	(94)	(200)	–	(319)
Exchange realignment	–	–	(1)	–	–	(1)
At 31 August 2020 and 1 September 2020	377	151	299	3,376	–	4,203
Reclassified from right-of-use assets	–	–	–	–	42	42
Provided for the year (Note 9)	89	84	122	1,131	–	1,426
Impairment loss recognised	2	5	11	1,469	–	1,487
Eliminated on written off	–	–	–	(662)	–	(662)
<b>At 31 August 2021</b>	<b>468</b>	<b>240</b>	<b>432</b>	<b>5,314</b>	<b>42</b>	<b>6,496</b>
<b>NET CARRYING AMOUNT</b>						
<b>At 31 August 2021</b>	<b>129</b>	<b>175</b>	<b>321</b>	<b>1,046</b>	<b>6</b>	<b>1,677</b>
At 31 August 2020	195	242	395	3,032	–	3,864

## 14. PLANT AND EQUIPMENT (Continued)

*Note:* The net carrying amounts of the Group's motor vehicle held under right-of-use assets at 31 August 2021 was SGD6,000 and was reclassified to plant and equipment under "Motor vehicle" as at 31 August 2021.

### Written off of plant and equipment

During the year, the Group ceased the operations of a restaurant and move the central kitchen to another location. It has caused the Group to write off certain of the net book value of furniture and fittings, kitchen equipment and leasehold improvements of these restaurants with it carrying amount before written off of SGD93,000 (2020: SGD217,000).

### Impairment of plant and equipment and right-of-use assets

During the year, the Group's business performance has been negatively impacted by COVID-19. In particular, both the Group's restaurants were affected to a large extent due to the various measures imposed by the Singapore government which resulted in a sharp decrease in customers' visits in May to June 2021 (the "**Phase 2 Heightened Alert**"). In addition, the ban on dining-in during the Phase 2 Heightened Alert Period has further impacted revenue of the Group's restaurant business. Although management has introduced temporary measures such as set meals for delivery services, the financial performance during the Phase 2 Heightened Alert Period was inevitably affected. The circuit breaker policy were gradually lifted by the Singapore government in July 2021.

Management has performed an assessment on the Group's non-current assets, primarily comprising plant and equipment and right-of-use assets as at 31 August 2021. In this connection, management reviewed the results of operation of each restaurant, representing different CGUs in determining whether any impairment indicator exists with each of the CGUs under review. For those outlets where an impairment indicator was noted, management assessed the recoverable amount of the CGUs based on value-in-use calculation using projected cashflow forecast over the lease term of each restaurants.

In preparing the value-in-use calculation of the relevant CGUs, management considered the unprecedented economic impact of COVID-19 on the Group's operation and the expected pace of recovery of the economy of Singapore.

As at 31 August 2021, the aggregate net carrying amounts of the plant and equipment and right-of-use assets are SGD1,677,000 (2020: SGD3,864,000) and SGD2,387,000 (2020: SGD10,300,000) respectively. During the year ended 31 August 2021, impairment of plant and equipment and of right-of-use assets amounting of SGD1,487,000 (2020: SGD645,000) and SGD2,467,000 (2020: SGD311,000) were recognised in profit or loss, respectively.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 15. LEASES

### The Group as a lessee

The Group has lease contracts for various items of office premises, restaurants, kitchen facilities (collectively referred as “**Properties**”) and motor vehicle used in its operations. Leases of properties generally have lease terms between 2 and 3 years, while motor vehicle generally has lease terms of 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group unless approved by landlord. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

#### (a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the year are as follows:

	Properties SGD'000	Motor vehicle SGD'000	Total SGD'000
As at 1 September 2019	13,048	26	13,074
Additions	1,641	–	1,641
Depreciation charge (Note 9)	(4,004)	(10)	(4,014)
Impairment loss recognised	(311)	–	(311)
Remeasurement of contract	(90)	–	(90)
As at 31 August 2020 and 1 September 2020	10,284	16	10,300
Additions	1,112	–	1,112
Depreciation charge (Note 9)	(3,793)	(10)	(3,803)
Impairment loss recognised	(2,467)	–	(2,467)
Reassessment of lease term arising from a decision not to exercise the extension option	(2,425)	–	(2,425)
Reassessment arising from change in consideration	(324)	–	(324)
Reclassified to plant and equipment	–	(6)	(6)
As at 31 August 2021	2,387	–	2,387

Details of the impairment of the right-of-use assets are set in Note 14 to the consolidated financial statements.

During the year, the assessment of reasonable certainty to exercise extension options was revised as there the COVID-19 pandemic has brought about uncertainties to the general economic environment which affected the operations of the Group. The financial effect of revising lease terms to reflect the effect of exercising extension options was an decrease in recognised right-of-use assets and lease liabilities of SGD2,425,000 and SGD2,464,000 respectively.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 15. LEASES (Continued)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2021 SGD'000	2020 SGD'000
Carrying amount at 1 September	11,040	12,956
New leases	1,095	1,641
Accretion of interest recognised during the year	615	681
Payments	(3,607)	(3,406)
Rent concession related to COVID-19	(563)	(742)
Reassessment of lease term arising from a decision not to exercise the extension option	(2,464)	(90)
Reassessment arising from change in consideration	(324)	–
Exchange realignment	(1)	–
Carrying amount at 31 August	5,791	11,040
Analysed into:		
Current portion	3,185	3,423
Non-current portion	2,606	7,617
	5,791	11,040

The maturity analysis of lease liabilities is disclosed in Note 32 to the consolidated financial statements.



# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 15. LEASES (Continued)

### The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 SGD'000	2020 SGD'000
Interest on lease liabilities	615	681
Depreciation charge of right-of-use assets	3,803	4,014
Impairment of right-of-use assets	2,467	311
Expense relating to short-term leases (included in rental and related expenses) (Note 9)	–	17
Expense relating to leases of low-value assets (included in rental and related expenses) (Note 9)	67	54
Variable lease payments not included in the measurement of lease liabilities (included in rental and related expenses) (Note 9)	63	75
Rent concessions related to COVID-19 (Note 7)	(563)	(742)
Total amount recognised in profit or loss	6,452	4,410

### (d) Extension options

The leases for certain restaurants contain extension periods, for which the related lease payments have not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension options are exercisable by the Group and not by the lessor.

31 August 2021

	Payable within five years SGD'000	Payable after five years SGD'000	Total SGD'000
Extension options expected not to be exercised	4,361	–	4,361

31 August 2020

	Payable within five years SGD'000	Payable after five years SGD'000	Total SGD'000
Extension options expected not to be exercised	1,058	–	1,058

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 15. LEASES (Continued)

### The Group as a lessee (Continued)

#### (e) Variable lease payments

The Group leased a number of the restaurants outlets in shopping malls which contain variable lease payment terms that are based on the Group's turnover generated from the restaurants in the shopping malls. The amounts of the variable lease payments recognised in profit or loss for the current year for these lease are SGD63,000.

## 16. INTANGIBLE ASSETS

	Franchise and licensing rights SGD'000
<b>COST</b>	
At 1 September 2019	1,312
Additions	150
	<hr/>
<b>At 31 August 2020, 1 September 2020 and 31 August 2021</b>	<hr/> 1,462
<b>ACCUMULATED AMORTISATION</b>	
At 1 September 2019	168
Provided for the year <i>(Note 9)</i>	72
Impairment loss recognised	136
	<hr/>
At 31 August 2020 and 1 September 2020	376
Provided for the year <i>(Note 9)</i>	67
Impairment loss recognised	772
	<hr/>
<b>At 31 August 2021</b>	<hr/> 1,215
<b>NET CARRYING AMOUNTS</b>	
<b>At 31 August 2021</b>	<hr/> 247
	<hr/>
At 31 August 2020	<hr/> 1,086

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

### Impairment of intangible assets

During the year, the Group ceased the operations of a restaurant. This has caused the Group to recognise impairment loss of respective franchise right amounting to SGD772,000 (2020: SGD136,000) in profit or loss during the year.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 17. INVENTORIES

	2021 SGD'000	2020 SGD'000
Food and beverage and consumables	76	35

## 18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2021 SGD'000	2020 SGD'000
Trade receivables		528	440
Less: Impairment		(309)	(325)
Trade receivables, net	(a)	219	115
Other receivables	(b)	767	392
Rental and other deposits	(c)	1,247	1,546
Prepayments		55	75
		2,288	2,128
Less: Rental and other deposits classified as non-current assets		(1,059)	(1,159)
Trade and other receivables, deposits and prepayments – current portion		1,229	969

Notes:

### (a) 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:

	2021 SGD'000	2020 SGD'000
0 – 30 days	191	84
31 – 60 days	–	1
61 – 90 days	–	28
Over 90 days	28	2
	219	115

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes: (Continued)

### (a) Trade receivables (Continued)

The movement in the loss allowance for impairment of trade receivables are as follows:

	2021 SGD'000	2020 SGD'000
At beginning of year	325	–
(Reversal of impairment)/impairment loss, net	(3)	325
Amount written off as uncollectible	(13)	–
At end of year	309	325

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

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

#### As at 31 August 2021

		Past due				
	Current	0–30 days	31–60 days	61–90 days	Over 90 days	Total
Expected credit loss rate	0.5%	100%	0%	0%	92%	59%
Gross carrying amount (SGD'000)	192	1	–	–	335	528
Expected credit losses (SGD'000)	1	1	–	–	307	309

#### As at 31 August 2020

		Past due				
	Current	0–30 days	31–60 days	61–90 days	Over 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	99%	74%
Gross carrying amount (SGD'000)	83	1	1	28	327	440
Expected credit losses (SGD'000)	–	–	–	–	325	325

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes: (Continued)

### (b) Other receivables

The movement in the loss allowance for impairment of other receivables are as follows:

	2021 SGD'000	2020 SGD'000
At beginning of year	492	–
Impairment loss, net	65	492
At end of year	557	492

In the opinion of the directors, the impairment of other receivables of SGD557,000 (2020: SGD492,000) was specific in nature which was considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount. ECLs on the remaining other receivables balances are estimated by applying a loss rate approach with reference to historical loss record of the Group. Based on historical loss records and economic conditions, the directors are of the opinion that the expected credit losses on the remaining balances are minimal.

### (c) Rental and other deposits

In the opinion of the directors, the impairment of other deposits of SGD1,200,000 (2020: SGD1,200,000) was specific in nature and considering the negative impact of COVID-19 on the operation of deposits receiptants, there is significant uncertainty over the recoverability on these deposits.

Expected credit losses on the remaining rental and other deposits balances are estimated by applying a loss rate approach with reference to historical loss record of the Group. Based on historical loss records and economic conditions, the directors are of the opinion that the expected credit losses on the remaining balances are minimal.

## 19. AMOUNTS DUE FROM DIRECTORS

Loans to directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	31 August 2021 SGD'000	31 August 2020 SGD'000	1 September 2019 SGD'000	Maximum amount outstanding during the year 2021 SGD'000	2020 SGD'000
Amounts due from directors:					
Mr. Terence Lai	–	94	578	94	271
Mr. Yeap	227	94	–	321	139
Mr. Ho	–	94	–	94	95
Mr. Tan	–	94	–	94	94
Mr. Ng	–	93	–	93	93
	227	469	578		

The amounts due from directors are non-trade in nature, unsecured, bear interest at 4% per annum (2020: 4% per annum) and repayable on demand.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 20. TRADE AND OTHER PAYABLES AND ACCRUALS

	Notes	2021 SGD'000	2020 SGD'000
Trade payables	(a)	861	755
Goods and services tax payables		339	379
Salaries payables		432	579
Deferred income	(b)	–	452
Accruals		605	509
Other payables	(c)	2,212	1,964
		<b>4,449</b>	<b>4,638</b>

Notes:

- (a) Trade payables are normally settled upon delivery or 30 to 60 days terms.

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

	2021 SGD'000	2020 SGD'000
0 – 30 days	239	376
31 – 60 days	213	321
61 – 90 days	88	8
Over 90 days	321	50
	<b>861</b>	<b>755</b>

- (b) Deferred income represents Job Support Scheme (“JSS”) of which the recognition of the related income has been deferred as the Group will recognise such income on a systematic basis in order to match them with the employees benefit costs which the JSS grant intends to compensate.
- (c) Other payables are non-interest bearing and are normally settled upon 15 to 30 days terms.

## Notes to the Consolidated Financial Statements (Continued)

31 August 2021

### 21. BALANCES WITH THE HOLDING COMPANY AND NON-CONTROLLING INTERESTS

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

### 22. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates.

### 23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2021 SGD'000	2020 SGD'000
Bank loans	38	262
Term loan	432	–
Trust receipt loans	173	487
	<u>643</u>	<u>749</u>

The Group's bank borrowings as at 31 August 2021 and 2020 are guaranteed by certain directors of the Company.

The Group's bank and other borrowings carry interest at fixed rate ranging from 3.50% to 30% per annum as at 31 August 2021 (2020: 3.50% to 7.25% per annum).

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

## 24. DEFERRED TAXATION

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

	Accelerated tax depreciation SGD'000
At 1 September 2019	71
Charged to profit or loss ( <i>Note 10</i> )	(37)
	<hr/>
At 31 August 2020, 1 September 2020 and 31 August 2021	34
	<hr/>

The Group has unrecognised tax losses and wear and tear allowances arising in Singapore and Malaysia of SGD1,281,000 and SGD220,000 (2020: SGD1,129,000 and SGD220,000), respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to, in the opinion of the management of the Group, unpredictability of future profit streams.

## 25. PROVISION FOR REINSTATEMENT COSTS

	SGD'000
At 1 September 2019	199
Provision recognised	28
Utilisation	(25)
	<hr/>
At 31 August 2020 and 1 September 2020	202
Provision recognised	18
Utilisation	(14)
Reversed	(13)
	<hr/>
At 31 August 2021	193
	<hr/>

	2021 SGD'000	2020 SGD'000
Analysed as:		
Current	46	–
Non-current	147	202
	<hr/>	<hr/>
	193	202
	<hr/>	<hr/>

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



# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 26. SHARE CAPITAL

	2021 HK\$'000	2020 HK\$'000
<b>Authorised</b>		
4,000,000,000 Ordinary shares of HK\$0.01 each	<u>40,000</u>	<u>40,000</u>

Details of movements of the Company's share capital are as follows:

	Number of shares	Share capital HK'000	Shown in the consolidated financial statements SGD'000
<b>Issued and fully paid</b>			
At 1 September 2019	400,000,000	4,000	694
Issue of ordinary shares (Note)	<u>40,000,000</u>	<u>400</u>	<u>70</u>
At 31 August 2020, 1 September 2020 and 31 August 2021	<u>440,000,000</u>	<u>4,400</u>	<u>764</u>

Note:

On 16 January 2020, pursuant to a placing agreement, the Company placed 40,000,000 ordinary shares of the Company to not less than six placees, who are independent third parties, at placing price of HK\$0.38 per new placing share with proceeds of HK\$14,870,000 (equivalent to approximately SGD2,607,000) (after netting off with related expenses of HK\$330,000 (equivalent to SGD57,000)) being credited to the equity of the Company. Accordingly, this transaction resulted in an increase of the issued share capital and share premium account of approximately HK\$400,000 (equivalent to approximately SGD70,000) and HK\$14,470,000 (equivalent to approximately SGD2,537,000), respectively.

## 27. SHARE OPTION SCHEMES

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

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

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

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

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 27. SHARE OPTION SCHEMES (Continued)

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

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

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

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption for the year and prior year.

## 28. CAPITAL COMMITMENTS

	2021 SGD'000	2020 SGD'000
Capital expenditure in respect of the leasehold improvements contracted for but not provided	—	128

## 29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	As at 1 September 2020 SGD'000	Financing cash flows SGD'000	Non-cash changes SGD'000 (Note)	As at 31 August 2021 SGD'000
Interest-bearing bank and other borrowings	749	(173)	67	643
Lease liabilities	11,040	(3,264)	(1,985)	5,791
	11,789	(3,437)	(1,918)	6,434

## Notes to the Consolidated Financial Statements (Continued)

31 August 2021

### 29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

#### (a) (Continued)

	As at 1 September 2019 SGD'000	Financing cash flows SGD'000	Non-cash changes SGD'000 (Note)	As at 31 August 2020 SGD'000
Amount due to non-controlling interests	73	20	–	93
Interest-bearing bank and other borrowings	1,017	(301)	33	749
Lease liabilities	12,956	(3,261)	1,345	11,040
Issue of ordinary share	–	2,607	–	2,607
	<u>14,046</u>	<u>(935)</u>	<u>1,378</u>	<u>14,489</u>

Note: Non-cash changes represent addition of lease liabilities and finance costs recognised.

#### (b) Major non-cash transactions

- (i) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of SGD1,112,000 (2020: SGD1,641,000) and SGD1,095,000 (2020: SGD1,641,000), respectively, in respect of lease arrangements for properties.
- (ii) During the year, the Group had settled certain lease liabilities of SGD343,000 (2020: SGD145,000) through set-off of rental deposits.

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 SGD'000	2020 SGD'000
Within operating activities	745	827
Within financing activities	<u>3,264</u>	<u>3,261</u>
	<u>4,009</u>	<u>4,088</u>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

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

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Other comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	2021	2020	2021	2020	2021	2020
				SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Kogane Yama Restaurants Pte. Ltd.	Singapore	40%	40%	(134)	(282)	-	-	(433)	(299)
Kota Bak Kut Teh (SG) Pte. Ltd.	Singapore	10%	10%	(4)	(14)	-	-	(18)	(14)
Kota Bak Kut Teh (SRG) Pte. Ltd.	Singapore	20%	20%	(69)	(45)	-	-	(114)	(45)
K food Master Holdings Sdn. Bhd.	Malaysia	40%	40%	-	(219)	3	2	(333)	(336)
				(207)	(560)	3	2	(898)	(694)

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

### Kogane Yama Restaurants Pte. Ltd.

	2021 SGD'000	2020 SGD'000
Current assets	79	291
Non-current assets	35	92
Current liabilities	1,172	1,107
Non-current liabilities	23	23
Equity attributable to owner of the parent	(648)	(448)
Non-controlling interest	(433)	(299)

## Notes to the Consolidated Financial Statements (Continued)

31 August 2021

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

#### Kogane Yama Restaurants Pte. Ltd. (Continued)

	2021 SGD'000	2020 SGD'000
Income	1,964	1,218
Expenses	(2,298)	(1,922)
Loss and total comprehensive loss for the year	(334)	(704)
Loss and total comprehensive loss attributable to owner of the parent	(200)	(422)
Loss and total comprehensive loss attributable to non-controlling interest	(134)	(282)
Loss and total comprehensive loss for the year	(334)	(704)
Net cash inflow/(outflow) from operating activities	185	(311)
Net cash outflow from investing activities	(15)	(45)
Net cash (outflow)/inflow from financing activities	(257)	314
Net cash outflow	(87)	(42)

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

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

### Kota Bak Kut Teh (SG) Pte. Ltd.

	2021 SGD'000	2020 SGD'000
Current assets	38	132
Non-current assets	1,447	1,752
Current liabilities	1,079	1,265
Non-current liabilities	602	767
Equity attributable to owner of the parent	(178)	(134)
Non-controlling interest	(18)	(14)
Income	1,248	952
Expenses	(1,296)	(1,100)
Loss and total comprehensive loss for the year	(48)	(148)
Loss and total comprehensive loss attributable to owner of the parent	(44)	(134)
Loss and total comprehensive loss attributable to non-controlling interest	(4)	(14)
Loss and total comprehensive loss for the year	(48)	(148)
Net cash inflow from operating activities	393	231
Net cash outflow from investing activities	(4)	(883)
Net cash (outflow)/inflow from financing activities	(474)	765
Net cash (outflow)/inflow	(85)	113

## Notes to the Consolidated Financial Statements (Continued)

31 August 2021

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

#### Kota Bak Kut Teh (SRG) Pte. Ltd.

	2021 SGD'000	2020 SGD'000
Current assets	85	149
Non-current assets	675	1,135
Current liabilities	1,114	1,188
Non-current liabilities	216	322
Equity attributable to owner of the parent	(456)	(181)
Non-controlling interest	(114)	(45)
Income	1,435	353
Expenses	(1,779)	(579)
Loss and total comprehensive loss for the year	(344)	(226)
Loss and total comprehensive loss attributable to owner of the parent	(275)	(181)
Loss and total comprehensive loss attributable to non-controlling interest	(69)	(45)
Loss and total comprehensive loss for the year	(344)	(226)
Net cash inflow from operating activities	188	180
Net cash outflow from investing activities	—	(784)
Net cash (outflow)/inflow from financing activities	(209)	703
Net cash (outflow)/inflow	(21)	99

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

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

### K Food Master Holdings Sdn. Bhd. and its subsidiary

	2021 SGD'000	2020 SGD'000
Current assets	1	4
Current liabilities	833	750
Non-current liabilities	—	90
Equity attributable to owner of the parent	(499)	(500)
Non-controlling interest	(333)	(336)



## Notes to the Consolidated Financial Statements (Continued)

31 August 2021

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

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

	2021 SGD'000	2020 SGD'000
Income	-	213
Expenses	-	(760)
Loss for the year	-	(547)
Other comprehensive income for the year	7	5
Loss attributable to owner of the parent	-	(328)
Loss attributable to non-controlling interest	-	(219)
Loss for the year	-	(547)
Other comprehensive income attributable to owner of the parent	4	3
Other comprehensive income attributable to non-controlling interest	3	2
Other comprehensive income for the year	7	5
Total comprehensive income/(loss) attributable to owner of the parent	4	(325)
Total comprehensive income/(loss) attributable to non-controlling interest	3	(217)
Total comprehensive income/(loss) for the year	7	(542)
Net cash inflow from operating activities	-	26
Net cash outflow from investing activities	-	(14)
Net cash outflow from financing activities	-	(27)
Net cash outflow	-	(15)

## Notes to the Consolidated Financial Statements (Continued)

31 August 2021

### 31. RELATED PARTIES TRANSACTIONS

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

Name of related party	Nature of transaction	2021 SGD'000	2020 SGD'000
Substantial shareholder			
– Derek Lai Weikang	Staff costs	139	146
Non-controlling interests			
– Jaesan Food Holdings Sdn. Bhd.	Royalty income	–	7
– Steven Peh Kian Ghee	Royalty income	–	9
Related party			
– Mago HV Pte. Ltd.	Management fee income	71	–
Directors			
– Terence Lai	Management fee income	162	–
– Terence Lai	Interest income	–	4
– Mr. Yeap	Interest income	19	4
– Mr. Ho	Interest income	–	4
– Mr. Tan	Interest income	–	3
– Mr. Ng	Interest income	–	3

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

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

### 32. FINANCIAL INSTRUMENTS

(a) **Categories of financial instruments**

All the Group's financial assets and liabilities as at 31 August 2021 and 2020 are stated at amortised cost.

## 32. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies

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

#### Interest rate risk

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

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

#### Currency risk

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

## 32. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### Credit risk

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

#### *Maximum exposure and year-end staging*

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

#### As at 31 August 2021

	12-month ECLs	Lifetime ECLs			Total SGD'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	SGD'000	SGD'000	SGD'000	SGD'000	
Trade receivables*	–	–	–	528	528
Amounts due from directors	227	–	–	–	227
Amount due from holding company	27	–	–	–	27
Financial assets included other receivables, deposits and prepayments					
– Normal**	3,772	–	–	–	3,772
Cash and bank balances	379	–	–	–	379
	<b>4,405</b>	<b>–</b>	<b>–</b>	<b>528</b>	<b>4,933</b>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 32. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### Credit risk (Continued)

*Maximum exposure and year-end staging (Continued)*

**As at 31 August 2020**

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Trade receivables*	–	–	–	440	440
Amounts due from directors	469	–	–	–	469
Amount due from holding company	25	–	–	–	25
Financial assets included other receivables, deposits and prepayments					
– Normal**	3,630	–	–	–	3,630
Cash and bank balances	1,415	–	–	–	1,415
	5,539	–	–	440	5,979

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 18 to consolidated financial statements.

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

## 32. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### Liquidity risk

The following table details the Group's contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand or less than 6 months SGD'000	6–12 months SGD'000	1–5 years SGD'000	Total undiscounted cash flows SGD'000
<b>At 31 August 2021</b>				
Trade and other payables	3,844	–	–	3,844
Amounts due to non-controlling interests	93	–	–	93
Interest-bearing bank and other borrowings	758	–	–	758
Lease liabilities	1,840	1,529	2,765	6,134
	<u>6,535</u>	<u>1,529</u>	<u>2,765</u>	<u>10,829</u>
<b>At 31 August 2020</b>				
Trade and other payables	3,677	–	–	3,677
Amounts due to non-controlling interests	93	–	–	93
Interest-bearing bank and other borrowings	612	115	38	765
Lease liabilities	2,169	1,794	8,291	12,254
	<u>6,551</u>	<u>1,909</u>	<u>8,329</u>	<u>16,789</u>

### (c) Fair value

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debts, which includes amounts due to non-controlling interests disclosed in Note 21, interest-bearing bank and other borrowings disclosed in Note 23, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

## 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 SGD'000	2020 SGD'000
<b>Non-current Assets</b>		
Investment in subsidiaries	79	84
<b>Current Assets</b>		
Prepayments	17	30
Due from subsidiaries	–	3
Due from holding company	13	13
<b>Total Current Assets</b>	<b>30</b>	<b>46</b>
<b>Current Liabilities</b>		
Other payables and accruals	334	461
Due to subsidiaries	83	83
<b>Total Current Liabilities</b>	<b>417</b>	<b>544</b>
<b>Net Current Liabilities</b>	<b>(387)</b>	<b>(498)</b>
<b>Net Liabilities</b>	<b>(308)</b>	<b>(414)</b>
<b>Equity</b>		
Share capital	764	764
Reserves	(1,072)	(1,178)
<b>Deficiency in Assets</b>	<b>(308)</b>	<b>(414)</b>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2021

## 34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

### Movement in the Company's reserves:

	Share premium SGD'000	Accumulated losses SGD'000	Deficiency in assets SGD'000
At 1 September 2019	9,316	(9,639)	(323)
Loss and total comprehensive loss for the year	–	(3,392)	(3,392)
Issue of ordinary shares <i>(Note 26)</i>	2,594	–	2,594
Share issue expenses <i>(Note 26)</i>	(57)	–	(57)
	<hr/>	<hr/>	<hr/>
At 31 August 2020 and 1 September 2020	11,853	(13,031)	(1,178)
Profit and total comprehensive profit for the year	–	106	106
	<hr/>	<hr/>	<hr/>
At 31 August 2021	<u>11,853</u>	<u>(12,925)</u>	<u>(1,072)</u>

## 35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 November 2021.



## Financial Summary

	Year ended 31 August 2021 SGD'000	Year ended 31 August 2020 SGD'000	1 October 2018 to 31 August 2019 SGD'000	1 October 2017 to 30 September 2018 SGD'000	1 October 2016 to 30 September 2017 SGD'000
Revenue	15,431	14,916	15,705	15,418	13,851
(Loss)/profit before tax	(6,947)	(7,991)	(3,494)	(3,801)	1,924
Income tax	18	26	7	(163)	(356)
(Loss)/profit for the year/period	(6,929)	(7,965)	(3,487)	(3,964)	1,568
<b>Other comprehensive income/(loss)</b> <i>Other comprehensive income/(loss) that may be reclassified to profit or loss in the subsequent periods:</i> Exchange differences on translation of foreign operations	7	5	1	6	(4)
Total comprehensive (loss)/income for the year/period	(6,922)	(7,960)	(3,486)	(3,958)	1,564
(Loss)/profit for the year/period attributable to:					
– Owners of the parent	(6,722)	(7,405)	(3,367)	(3,841)	1,610
– Non-controlling interests	(207)	(560)	(120)	(123)	(42)
	(6,929)	(7,965)	(3,487)	(3,964)	1,568
Total comprehensive (loss)/income attributable to:					
– Owners of the parent	(6,718)	(7,402)	(3,367)	(3,838)	1,608
– Non-controlling interests	(204)	(558)	(119)	(120)	(44)
	(6,922)	(7,960)	(3,486)	(3,958)	1,564

  

	31 August 2021 SGD'000	31 August 2020 SGD'000	31 August 2019 SGD'000	30 September 2018 SGD'000	30 September 2017 SGD'000
Total assets	7,308	19,796	12,881	16,500	7,156
Total liabilities	(11,203)	(16,769)	(4,501)	(4,634)	(3,498)
	(3,895)	3,027	8,380	11,866	3,658
Equity attributable to:					
– Owners of the parent	(2,997)	3,721	8,516	11,883	3,555
– Non-controlling interests	(898)	(694)	(136)	(17)	103
	(3,895)	3,027	8,380	11,866	3,658

The summary of the consolidated results of the Group for the year ended 31 August 2021, 31 August 2020, period from 1 October 2018 to 31 August 2019 and year ended 30 September 2018 and the consolidated assets and liabilities of the Group as at 31 August 2021, 31 August 2020, 31 August 2019 and 30 September 2018 have been extracted from the published annual report.

The summary of the combined results of the Group for the year ended 30 September 2017 and the combined assets and liabilities of the Group as at 30 September 2017 have been extracted from the prospectus. Such summary is presented on the basis as set out in the prospectus.

The summary above does not form part of the audited consolidated financial statements.