



**ANNUAL REPORT  
2021 / 2022**

**KGROUP HOLDINGS LIMITED**

**千盛集團控股有限公司**

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 8475

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*This report, for which the directors (the “**Directors**” and each a “**Director**”) of K Group Holdings Limited (the “**Company**”) 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*)  
Mr. Chiang Ming Chun (*Vice-Chairman*)  
(appointed on 31 October 2022)  
Mr. Yeap Wei Han, Melvyn (*Chief Financial Officer*)  
Ms. Wong Pui Kei Peggy  
Mr. Ho Zhi Yi, Levi (*Chief Executive Officer*)  
(resigned on 10 January 2022)  
Mr. Xie Jianlong (appointed on 10 January 2022)

### Non-Executive Director

Mr. Liu Junjie (*Vice Chairman*)  
(removed on 27 October 2022)

### Independent Non-Executive Directors

Mr. Law Chung Lam, Nelson  
Mr. Lee Ming Yeung, Michael  
(appointed on 15 December 2021)  
Mr. Chau Wing Nam (appointed on 6 June 2022)  
Mr. Ong King Keung (resigned on 6 June 2022)

## Compliance Officer

Mr. Yeap Wei Han, Melvyn

## Authorised Representatives

Mr. Zhou Junqi  
Mr. Chu Pui Ki Dickson CPA

## Company Secretary

Mr. Chu Pui Ki Dickson CPA

## Board Committees

### Audit Committee

Mr. Chau Wing Nam (*Chairman*)  
(appointed on 6 June 2022)  
Mr. Law Chung Lam, Nelson  
Mr. Lee Ming Yeung, Michael  
(appointed on 15 December 2021)  
Mr. Ong King Keung (resigned on 6 June 2022)

### Remuneration Committee

Mr. Lee Ming Yeung, Michael (*Chairman*)  
(appointed on 15 December 2021)  
Mr. Chau Wing Nam (appointed on 6 June 2022)  
Mr. Law Chung Lam, Nelson  
Mr. Ong King Keung (resigned on 6 June 2022)

### Nomination Committee

Mr. Law Chung Lam, Nelson (*Chairman*)  
Mr. Chau Wing Nam (appointed on 6 June 2022)  
Mr. Lee Ming Yeung, Michael  
(appointed on 15 December 2021)  
Mr. Ong King Keung (resigned on 6 June 2022)

## Auditor

D & PARTNERS CPA LIMITED  
Registered Public Interest Entity Auditor  
2201, 22/F, West Exchange Tower  
322 Des Voeux Rd Central  
Sheung Wan

## Principal Banker

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

## Corporate Information (Continued)

### 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 Pemimpin Drive  
#03-04 One Pemimpin  
Singapore 576151

### Principal Place of Business in Hong Kong

21/F., Grand Millennium Plaza  
181 Queen's Road Central  
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 2022 (the “**Year**”).

## Overview

For the Year, the Group's revenue was approximately SGD13.3 million (2021: SGD15.4 million), representing a decrease of approximately 13.6% compared to the year ended 31 August 2021 (“**Year 2021**”). The Group recorded a loss of approximately SGD2.6 million for the Year (2021: SGD6.9 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 restaurant 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 27 September 2021, the Singapore Multi-Ministry Taskforce announced measures for group dining to be reduced to 2 persons to minimise transmission of the virus following the resurgence of COVID-19 cases in Singapore. This was then followed with an announcement for group dining to be increase back to 5 people on 22 November 2021 before allowing for the increase to 10 persons on 30 March 2022.

During the year, the Group had also decided not renew or continue the operations of the following outlets.

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 ended 31 August 2022. The Group has continuously monitored the situation and will take appropriate actions as and when necessary.

As at 31 August 2022, the Group had one central kitchen under the self-developed brand “Gangnam Kitchen” and 11 self-operated restaurants under different brands, comprising (i) two 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 “Kota Zheng Zhong” which is specialised in offering Malaysian-style claypot herbal bak kut teh; and (vi) 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)

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, 15 December 2022

# 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.

As at 31 August 2022, the Group had 11 self-operated restaurants and one central kitchen in total, including:

- two 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 “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:

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 2021	3	2	2	2	2	1	2	1	15
Closure	(1) <i>(Note 1)</i>	-	-	-	(2) <i>(Note 2, 3)</i>	(1) <i>(Note 4)</i>	-	-	(4)
As at 31 August 2022	2	2	2	2	-	-	2	1	11

#### Notes:

- On 21 July 2022, the Group ceased operation of a self-operated restaurant under the brand "Chir Chir", which is located at 50 Jurong Gateway Road #04-13/14 Jem, Singapore 608549 because of its decline in operating results.
- On 23 October 2021, the Group ceased operation of a self-operated restaurant under the brand "NY Night Market", which is located at 313@Somerset 313 Orchard Road Singapore 238895 #01-29 because of its decline in operating results.
- On 12 June 2022, the Group ceased operation of a self-operated restaurant under the brand "NY Night Market", which is located at Unit #01-116/116ORA At Vivocity At 1 Harbourfront Walk Singapore 098585 because of its decline in operating results.
- On 10 March 2022, the Group ceased operation of a self-operated restaurant under the brand "Sora Boru", which is located at 313@Somerset 313 Orchard Road Singapore 238895 #B3-19/20 because of its decline in operating results.

During the year, the Group terminated to license the brand "Chir Chir" to the licensee in Indonesia for restaurant operation in Indonesia due to the outbreak of COVID-19.

The restaurant and catering market in Singapore is 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 2021.

	2022		2021	
	SGD'000	%	SGD'000	%
Restaurant operations	13,305	99.9	15,397	99.8
Sales of food ingredients	16	0.1	18	0.1
Provision of franchise and royalty services	—	—	16	0.1
Total	13,321	100.0	15,431	100.0

### Restaurant operations

The majority of the revenue was derived from the operations of self-operated restaurants in Singapore. For Year 2021 and the Year, the revenue generated from restaurant operations amounted to approximately SGD15.4 million and SGD13.3 million, respectively, representing a decrease of approximately 13.6% from Year 2021 to the Year.

The decrease was mainly attributable to the closure of restaurants as a result of non-renewal of lease. The shops that were closed during the Year and their respective closure dates are as follows,

Chir Chir – 21 July 2022

NY Night Market 2 – 23 October 2021

NY Night Market 3 – 12 June 2022

Sora Boru – 10 March 2022

# 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.

The Singapore Multi-Ministry Taskforce announced additional measures and implemented restrictions reducing group dining to 2 persons on 27 September 2021 to minimise the transmission of the virus following the resurgence in the COVID-19 cases in Singapore. This was followed with a transition phase where group dining was expanded to 5 people on 22 November 2021 and with an expansion to 10 persons after 29 March 2022.

#### 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 SGD18,000 for Year 2021 to approximately SGD16,000 for the Year, representing a decrease of approximately 11.1%. The decrease was mainly attributable to the measure implement by Singapore Government to combat 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 entered into. The revenue from royalty income decreased from approximately SGD16,000 for Year 2021 to nil for the Year, representing a decrease of approximately 100%. The decrease was mainly attributable to termination of restaurant operations 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 cost of inventories consumed decreased from approximately SGD4.3 million for Year 2021 to approximately SGD3.4 million for the Year, representing a decrease of approximately 20.9% as compared to that of Year 2021. This was primarily attributable to the cessation of operating outlets during the Year to the resumption of dining in services and a reduction in online platform deliveries and the costs associated with it.

#### Gross profit and gross profit margin

The gross profit of the Group increased from approximately SGD11.1 million for Year 2021 to approximately SGD9.9 million for the Year with stably gross profit margin at 71.8% and 74.4% respectively.

#### Other losses, net

Other losses, net, decreased from approximately SGD2.0 million for Year 2021 to approximately SGD0.1 million for the Year, representing a decrease of approximately SGD1.9 million as compared to those of Year 2021. The decrease was mainly attributable to decrease in impairment loss on plant and equipment, intangible assets and right-of-use assets from approximately SGD4.7 million for Year 2021 to approximately SGD1.0 million for the Year, representing an increase of 78.7%. The decrease in other losses, net was offset by in government grants from approximately SGD0.5 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 SGD5.3 million for the Year 2021 to approximately SGD5.1 million for the Year.

The following table sets forth the breakdown of the Group's staff costs for the Year and Year 2021:

	2022 SGD'000	2021 SGD'000
Directors' remuneration	438	678
Salaries and allowances	4,302	4,249
Retirement benefit contributions	357	370
Total	5,097	5,297

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 decreased from approximately SGD5.3 million for Year 2021 to approximately SGD2.0 million for the Year, representing a decrease of approximately 62.3% as compared to those of Year 2021. The decrease was mainly attributable to decrease in depreciation charge of right-of-use assets. This decrease was due to lease modification in the Year 2021 as option to renew the lease was not utilised. Further, there has been a cessation of 4 operating outlets in the Year resulting in no further depreciating expense to be recognised.

### 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 decreased from approximately SGD7.0 million for Year 2021 to approximately SGD2.4 million for the Year, representing an decrease of approximately 65.7% as compared to those of Year 2021. The decrease in rental and related expenses was mainly attributable to decrease in depreciation of right-of-use assets and decrease in impairment loss of right-of-use assets during the Year. Further, there has been a cessation of 4 operating outlets in the Year resulting in reduced depreciation expense and interest on lease liabilities during the Year.

# Management Discussion and Analysis (Continued)

## Financial Review (Continued) (Continued)

### Rental and related expenses (Continued)

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

	2022 SGD'000	2021 SGD'000
Depreciation of right-of-use assets	1,193	3,803
Lease payments not included in the measurement of lease liabilities	476	130
Impairment loss on right-of-use assets	349	2,467
Interest on lease liabilities	351	615
Total	2,369	7,015

### 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 SGD2.9 million for Year 2021 to approximately SGD2.8 million for the Year, representing a decrease of approximately 3.4% as compared to those of Year 2021.

The decrease of other operating expenses was mainly attributable to decrease in external online sales commissions and credit card commissions during the Year.

### Finance costs

The finance costs primarily consisted of interest expenses on bank and other loans and the lease liabilities. Finance costs increased from approximately SGD682,000 for Year 2021 to approximately SGD738,000 for the Year, representing a increase of approximately 8.2%. The increase was mainly attributable to the net off effect of the increase in interest on other loans and decrease in interest on lease liabilities.

### Loss for the Year

The Group recorded a loss of approximately SGD2.6 million for the Year (2021: SGD6.9 million). Such decrease in loss was mainly attributable to (i) cessation of operating outlets within the Year; and (ii) decrease in depreciation and amortisation in the Year as detailed above.



## Management Discussion and Analysis (Continued)

### Liquidity and Financial Resources

The Group's current ratio was 0.2 as at 31 August 2022 (2021: 0.2). 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 2022, the Group's gearing ratio was -10.0% (2021: -18.9%). 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 borrowings. 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 2022, the Group's total borrowings amounted to approximately SGD562,000 (2021: SGD643,000) which included term loans (2021: bank loans, term loans and trust receipt loans). The Group's borrowings are denominated in Singapore dollars and carry interest at a fixed rate of 48% per annum as at 31 August 2022 (2021: 3.5% to 30.0%). 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.

The Group recorded net current liabilities of approximately SGD7.2 million (2021: SGD6.5 million) and net liabilities of approximately SGD6.5 million (2021: SGD3.9 million) as at 31 August 2022. 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) having regard to enlarge the operations of profitable restaurants by increasing distribution channels and eliminate the under-performance restaurants by nature loss and impose measures to tighten controls over expenses; (ii) obtaining a revolving loan facility of HK\$40,000,000 (equivalent to SGD7,119,000) from an independent third party which is effective for 18 months from the date of the revolving loan agreement on 15 December 2022 with the guarantee by a director and chairman of the Company. During the contracted period, the Group is able to draw the loan amount at anytime by placing a 2 days' notice period; and (iii) the management of the Group is willing to provide adequate financial support and seek for investors to ensure the Group's continuous 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 12 months from the end of reporting date.

### Capital Structure

The Company's issued shares were successfully listed on GEM of the Stock Exchange on 13 August 2018. As at 31 August 2022, the total number of issued ordinary Shares was 440,000,000 with a par value of HK\$0.01 each (31 August 2021: 440,000,000 shares).

On 21 October 2022, the consolidation of every ten issued and unissued existing shares of par value of HK\$0.01 each into one consolidated share of par value of HK\$0.1 each became effective. Since then, the total number of issued ordinary Shares was 44,000,000 with par value of HK\$0.1 each. The capital structure of the Group comprises of issued share capital and reserves.

# Management Discussion and Analysis (Continued)

## Principal Risks and Uncertainties

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

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

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

## Foreign Currency Exposure Risks

The Group mainly operates in Singapore and Malaysia 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 2022, the Group did not have any capital commitments (2021: Nil).

## Management Discussion and Analysis (Continued)

### Future Plans for Material Investments or Capital Assets

By reference to the circular dated 28 September 2022 (the “**Circular**”) of the Company in relation to the right issue, according to the intended use of proceeds from the right issue, the Company entered into a non-legally binding memorandum of understanding to acquire a restaurant, subject to the successful subscription of the entire right issue. The estimated amount of consideration of the potential acquisition would be in range of approximately HK\$20 million to HK\$24 million, which are still subject to further negotiations between the Company and the potential target. For details, please refer to the section headed “Potential Acquisition” of the Circular. Save as disclosed above and in this report, the Group does not have other plans for material investments and capital assets.

### Contingent Liabilities and Pledge of Assets

As at 31 August 2022, the Group did not have any significant contingent liabilities and pledge of assets (2021: Nil).

# Biographical Information of Directors and Senior Management

## Executive Directors

**Mr. Zhou Junqi (“Mr. Zhou”)**, aged 47, 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. Chiang Ming Chun (“Mr. Chiang”)** (whose former name was Chiang Kai Leung), aged 50, was appointed as ED on 31 October 2022. Mr. Chiang is a senior district director of AIA International Limited leading a team of over 500 insurance/financial advisers and the co-founder of CASH Family Office, a subsidiary of CASH Financial Services Group Limited (stock code: 510). Currently, he is the president and chief strategy officer of the global franchise and patent service of the Group. He has a well-established social network in different industries and possesses extensive experience in business management. Mr. Chiang was awarded the Youth Leader Award from the First Junior Chamber International Lion Rock in 2007 and won the Maple Elite Award from the Canadian University Association in 2011. In addition, Mr. Chiang is also a keen servant of the charitable work, as he also served as a member of the Development Committee of the board of Hong Kong Adventist Hospital – Tsuen Wan and the director of the board of Pok Oi Hospital and Yan Chai Hospital for many sessions. In 2011, he appointed as the chairman of the Preparatory Committee for Lang Lang Music Life Sharing Session\* (朗朗音樂人生分享會籌委會).

**Mr. Yeap Wei Han, Melvyn (“Mr. Yeap”)**, aged 39, 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 a 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.

\* for identification purposes only

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

### Executive Directors (Continued)

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

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 49, 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.

**Mr. Xie Jianlong (“Mr. Xie”)**, aged 39, was appointed as ED on 10 January 2022. Mr. Xie is currently serving as the director at Easy Securities Limited since June 2020 and the managing director of Fujian Yisheng Technology Company Limited\* (福建易昇科技有限公司) since June 2016. Mr. Xie was employed as manager at Xinyisheng Assets Management Company Limited\* (福建鑫怡升資產管理有限公司) from July 2009 to June 2019 and as manager at Guosen Securities Co. Ltd from July 2007 to June 2016. He obtained a bachelor’s degree of engineering in software engineering from the Fuzhou University in 2007.

### Independent Non-Executive Directors

**Mr. Law Chung Lam, Nelson (“Mr. Law”)**, aged 60, was appointed as an INED on 23 July 2018. Mr. Law is the chairman of the nomination committee of the Board (the “**NC**”) and a member of each of the audit committee of the Board (the “**AC**”) and remuneration committee of the Board (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.

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

### Independent Non-Executive Directors (Continued)

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.

**Mr. Lee Ming Yeung, Michael (“Mr. Lee”)**, aged 29, was appointed as INED on 15 December 2021. Mr. Lee is the chairman of the RC and a member of each of AC and NC. He is currently serving as wealth management manager at AIA International Limited. From 2018 to 2020, Mr. Lee was employed as general manager and chief financial officer in Shenzhen Guiyin technology Co. Ltd\* (深圳市貴銀科技有限公司). From 2016 to 2017, Mr. Lee was employed as deputy general manager in Zhongshan Jiahai Import & Export Trade Co. Ltd\* (中山市嘉海進出口貿易有限公司). He obtained a bachelor’s degree of Arts (Hons) in Politics with International Relations from the University of York in England in 2018. Mr. Lee is currently the non-executive director of Amuse Group Holdings Limited (Stock Code: 8545), a company whose shares are listed on the GEM of the Stock Exchange.

**Mr. Chau Wing Nam (“Mr. Chau”)**, aged 35, was appointed as INED on 6 June 2022. Mr. Chau is the chairman of the AC and a member of each of RC and NC. He obtained his Bachelor’s degree in Accounting and Accounting Technologies from the Curtin University of Technology in August 2012. He has been a member of Hong Kong Institute of Certified Public Accountants since May 2017. He has over ten years of experience in auditing, accounting and corporate management and is currently responsible for corporate finance, mergers and acquisitions matters, investors relations, corporate governance as well as compliance affairs.

### Senior Management

**Mr. Lai Weijie, Terence (“Mr. Terence Lai”)**, aged 41, 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**”).



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

### Senior Management (Continued)

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 38, 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.

**Mr. Ang Chip Teng** (“**Mr. Ang**”), aged 39, 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.

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

### Senior Management (Continued)

**Mr. Khor Meng Kian** (“**Mr. Khor**”), aged 30, 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 46, is the kitchen operation manager of the Group. Mr. Zhou is also responsible for overseeing and managing all kitchen matters of the Group. Mr. Zhou first joined the Group as a kitchen crew in February 2015 and was appointed as a kitchen manager in August 2017.

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

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

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

\* For identification purpose only

### Company Secretary

**Mr. 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. He is currently serving as the company secretary and providing professional corporate services to companies listed in the main board and GEM of the Stock Exchange.

### 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 2022 (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.

## 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 INEDs) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

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

### Executive Directors

Mr. Zhou Junqi (*Chairman*)  
Mr. Chiang Ming Chun (*Vice-Chairman*) (appointed on 31 October 2022)  
Mr. Yeap Wei Han, Melvyn (*Chief Financial Officer*)  
Ms. Wong Pui Kei Peggy  
Mr. Xie Jianlong (appointed on 10 January 2022)

### Independent Non-Executive Directors

Mr. Chau Wing Nam (appointed on 6 June 2022)  
Mr. Law Chung Lam Nelson  
Mr. Lee Ming Yeung Michael (appointed on 15 December 2021)

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.

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)

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 and Directors' Attendance Records

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

The attendance record of each Director at the Board committee meetings held during the Year and the annual general meeting of the Company ("**AGM**") held on 23 February 2022 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	9/9	1/1	N/A	N/A	N/A
Mr. Chiang Ming Chun (appointed on 31 October 2022)	N/A	N/A	N/A	N/A	N/A
Mr. Ho Zhi Yi Levi (resigned on 10 January 2022)	4/4	N/A	N/A	N/A	N/A
Mr. Yeap Wei Han, Melvyn	8/9	1/1	N/A	N/A	N/A
Ms. Wong Pui Kei Peggy	9/9	1/1	N/A	N/A	N/A
Mr. Xie Jianlong (appointed on 10 January 2022)	5/5	1/1	N/A	N/A	N/A
Mr. Liu Junjie (removed on 27 October 2022)	0/9	0/1	N/A	N/A	N/A
Mr. Chau Wing Nam (appointed on 6 June 2022)	1/1	N/A	1/1	N/A	N/A
Mr. Ong King Keung (resigned on 6 June 2022)	8/8	1/1	3/3	3/3	3/3
Mr. Law Chung Lam Nelson	9/9	1/1	4/4	4/4	4/4
Mr. Lee Ming Yeung Michael (appointed on 15 December 2021)	6/6	1/1	3/3	2/2	2/2



# 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.

### Board Committees

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

### Audit Committee

The Audit Committee was established on 23 July 2018 with written terms of reference in compliance with the GEM Listing Rules and the CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. The Audit Committee comprises only three members, namely Mr. Chau, Mr. Law and Mr. Lee. The Audit Committee comprises all the INEDs and Mr. Chau 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 four meetings, at which it:

- approved D & PARTNERS CPA LIMITED as the auditor of the Group and the corresponding audit plan;
- reviewed the financial statements for the year ended 31 August 2021, three months ended 30 November 2021, six months ended 28 February 2022 and nine months ended 31 May 2022;
- 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; and
- reviewed the external auditors' findings.

The Company's annual results for the year ended 31 August 2022 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. Lee, Mr. Law and Mr. Chau, Mr. Lee 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 E.1.2 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 2021, 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 3 meetings to recommend the Board for consideration of the remuneration of proposed appointment of the executive Director(s) and independent non-executive Director(s) 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, Mr. Chau and Mr. Lee. 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 2021 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 3 meetings to recommend the Board for consideration of the appointment of the executive Director(s) and independent non-executive Director(s) 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 E.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	2

# 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, D & PARTNERS CPA LIMITED (“D&P”), is set out as follows:

Description of services performed	Fee paid/ payable SGD'000
Audit Services	117

Zenith CPA Limited 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. On 17 October 2022, D&P, who were appointed as the Company's auditor to fill the casual vacancy arising from the resignation of Zenith CPA Limited on 14 October 2022. Save as disclosed above, there has been no other change of auditors for the preceding three years. The consolidated financial statements of the Group for the Year were audited by D&P.

## 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 Directors also ensure the timely publication of such consolidated financial statements.

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, for details, please refer to “Liquidity and Financial Resources” in the “Management Discussion and Analysis” section.

The external auditor of the Company, D&P has stated its reporting responsibilities on the consolidated financial statements in the “Independent Auditor's Report” included in this annual report.

## 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.

# Corporate Governance Report (Continued)

## Company Secretary

The biography of Mr. Chu is set out in the section headed “Biographies of Directors and Senior Management” of this report. 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 21/F., Grand Millennium Plaza, 181 Queen’s Road Central, 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.

## 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 Pemimpin Drive, #03-04 One Pemimpin, Singapore 576151 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 60 to 65 of this annual report.

The Board has resolved not to declare the payment of a final dividend for the Year (2021: Nil).

### 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 16 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 which have a significant impact on the Company, can be found in the "Management Discussion and Analysis" on pages 7 to 16 and "Corporate Governance Report" on pages 22 to 37. Such discussion forms part of this report.

### Financial Summary

A summary of the results and the assets and liabilities of the Group for each of the latest five financial years is set out on page 124 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 (2021: 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 2022 are set out in Note 23 to the consolidated financial statements.

### Interest Capitalised

The Group has not capitalised any interest during the Year (2021: 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 63 and in Note 33 to the consolidated financial statements, respectively.



## Directors' Report (Continued)

### 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 2022, 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

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

#### Executive Directors

Mr. Zhou Junqi (*Chairman*)

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

Ms. Wong Pui Kei Peggy

Mr. Chiang Ming Chun (*Vice-Chairman*) (appointed on 31 October 2022)

Mr. Ho Zhi Yi, Levi (*Chief Executive Officer*) (resigned on 10 January 2022)

Mr. Xie Jianlong (appointed on 10 January 2022)

#### Non-executive Director

Mr. Liu Junjie (*Vice Chairman*) (removed on 27 October 2022)

#### INEDs

Mr. Chau Wing Nam (appointed on 6 June 2022)

Mr. Law Chung Lam, Nelson

Mr. Lee Ming Yeung, Michael (appointed on 15 December 2021)

Mr. Ong King Keung (resigned on 6 June 2022)

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. Chau Wing Nam and Mr. Chiang Ming Chun who were appointed on 6 June 2022 and 31 October 2022 respectively, shall hold office of Director until the forthcoming AGM. Mr. Chau Wing Nam and Mr. Chiang Ming Chun, 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. Yeap Wei Han, Melvyn and Mr. Xie Jianlong will retire at the 2023 AGM and all of them, being eligible, will offer themselves for re-election at the 2023 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 17 to 21 of this annual report.

### Securities Transactions by Directors

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

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

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

## Directors' Report (Continued)

### 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' 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 2022, 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 <i>(Note 1)</i>	Approximate percentage of the Company's issued Shares*
Mr. Yeap <i>(Note 2)</i>	Interest held jointly with another person	30,499,000	6.93%

Notes:

- All interests stated are long positions.
- These Shares were held by Canola Investment Holdings Limited ("**Canola**") which was in turn owned as to approximately 33.69% by Mr. Lai Weijie, Terence ("**Mr. Terence Lai**"), 23.17% by Mr. Yeap, 16.85% by Mr. Ho Zhi Yi, Levi ("**Mr. Ho**"), 12.64% by Mr. Tan Chien Fong ("**Mr. Tan**"), 12.64% by Mr. Ng Yook Tim ("**Mr. Ng**") and 1.01% by Mr. Lai Weikang, Derek ("**Mr. Derek Lai**"). On 10 February 2018, Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai 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 2022.

## 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 <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. Yeap	Canola <i>(Note 2)</i>	Beneficial owner	2,317	23.17%

*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 2022, 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 2022, 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%
Ms. Teo Yan Qi Sharon (" <b>Ms. Teo</b> ") <small>(Note 3)</small>	Interest of spouse	30,499,000	6.93%
Mr. Terence Lai <small>(Note 4)</small>	Interest held jointly with another person	30,499,000	6.93%
Mr. Tan <small>(Note 4)</small>	Interest held jointly with another person	30,499,000	6.93%
Mr. Ng <small>(Note 4)</small>	Interest held jointly with another person	30,499,000	6.93%
Mr. Derek Lai <small>(Note 4)</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.
- Ms. Teo is the spouse of Mr. Tan and she is deemed to be interested in all the Shares which are beneficially owned and deemed to be held by Mr. Tan under the SFO.
- 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) <small>(Note 1)</small>	Approximate percentage of shareholding
Mr. Peh	Kogane Yama Restaurants Pte. Ltd.	Beneficial owner	80,400	40%
Jaesan Food Holdings <small>(Note 2)</small>	K Food Master Holdings Sdn. Bhd.	Beneficial owner	200,000	40%
Southern Enterprise <small>(Note 3)</small>	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:

- All interests stated are long positions.
- 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.
- Southern Enterprise is owned as to 100% by Ms. Hong BingMei.

Save as disclosed above, as at 31 August 2022, 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 2022.

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.

### Share Consolidation

On 21 October 2022, a share consolidation (the “**Share Consolidation**”) on the basis that every ten issued and unissued existing shares were consolidated into one consolidated share of HK\$0.1 (the “**Consolidated Shares**”) each became effective. The Share Consolidation was approved by independent shareholders at the extraordinary general meeting held on 17 October 2022.

### Fund Raising Activities

On 18 May 2022, the Company proposed to raise gross proceeds of up to approximately HK\$50.2 million (before expenses) (assuming full subscription under the proposed issue of 88,000,000 Consolidated Shares (the “**Rights Shares**”) of the Company on basis of two Rights Shares for every one Consolidated Share at the HK\$0.57 per Rights Share. For more details, please refer to the announcement of the Company dated 18 May 2022 and the circular of the Company dated 28 September 2022.

Save as disclosed above and in this report, 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.

For the Year, purchases from the Group's five largest suppliers accounted for 36.4% of the Group's total purchases of raw materials and consumables consumed. During the Year, purchases from the Group's largest supplier accounted for 8.6% 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).

### 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 30 to the consolidated financial statements. None of these related party transactions constitute non-fully exempted "connected transaction" or "continuing connected transaction" under Chapter 20 of the GEM Listing Rules. The Company confirms that it complies with the requirements set forth in Chapter 20 of the GEM Listing Rules.

### Corporate Governance Practices

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

Details of the principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 22 to 37 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 2022, the Group has 67 full-time employees and 25 part-time employees for its operations in Singapore (2021: 99 full-time employees and 40 part-time employees). For the Year, the Group incurred staff costs, including Directors' remuneration, of approximately SGD5.1 million (2021: SGD5.3 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)

### 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 those disclosed in this annual report, the Board is not aware of any material event requiring disclosure, that has taken place subsequent to 31 August 2022 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 D.3.3 and D.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 three INEDs, namely Mr. Chau, Mr. Law and Mr. Lee. Mr. Chau 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 D&P who retire and, being eligible, offer themselves for re-appointment at the 2023 AGM. A resolution will be proposed to the Shareholders at the 2023 AGM to re-appoint D&P as the independent auditor of the Company.

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

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

Singapore, 15 December 2022

## 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 60 to 123, which comprise the consolidated statement of financial position as at 31 August 2022, 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.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

### Basis for Opinion

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

### Key Audit Matters

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Our report is made 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.

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

## Key Audit Matters (Continued)

### Key Audit Matter

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

As at 31 August 2022, the net carrying amounts of the Group's plant and equipment, right-of-use assets and intangible assets amounted to SGD395,000, SGD748,000 and SGD108,000 respectively.

Management assessed whether there are any indicators of impairment for the plant and equipment, right-of-use assets and intangible assets at the end of each reporting period and performed an assessment of the recoverable amounts of these assets based on value in use calculation when an impairment indicator was identified.

Management's impairment assessment process involves significant judgements and estimates, including the estimation of future cash flows and other assumptions, such as the associated growth rates, estimated gross margin and the discount rate applied, which are sensitive to expected future market conditions and the cash-generating unit's performance in the foreseeable future.

The significant accounting judgements and estimates and disclosures about plant and equipment, right-of-use assets and intangible assets are included in notes 4, 14, 15(a) and 16 to the consolidated financial statements.

### How our audit addressed the Key Audit Matter

Our key procedures to address the matter included:

- evaluated the outcome of prior period impairment assessment of plant and equipment, right-of-use assets and intangible assets to assess the effectiveness of management's estimation process;
- understood the approach and assumptions used by management in determining the recoverable amount for the plant and equipment, right-of-use assets and intangible assets;
- compared the Group's cash flow forecast with the historical financial information upon which the cash flow forecast is based; and
- test the mathematical accuracy of the value-in use calculation of the cash flow forecast and assess the appropriateness of the methodology used.

Based on our audit procedures performed, we found the significant judgements and assumptions used by management in the assessment were supportable with evidence obtained.



# Independent Auditor's Report (Continued)

## Key Audit Matters (Continued)

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Going concern assumption

The Group incurred a loss of SGD2,633,000 for the year ended 31 August 2022 and, as of that date, had net current liabilities and net liabilities of SGD7,195,000 and SGD6,498,000, respectively.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern.

Management's cash flow projections for at least twelve months from the reporting date involves significant judgements and estimates, including the estimated revenue generated and expenses incurred which are sensitive to expected future market.

The significant accounting judgements and estimates and disclosures about going concern assumption are included in note 2 to the consolidated financial statements.

Our key procedures to address the matter included:

- understood the assumptions used by the management in determining the cash flow projections of the Group for at least twelve months from the reporting date;
- compared the Group's cash flow projections with the historical financial information upon which the cash flow projections is based;
- reviewed the revolving loan facility and assess the terms, including the revolving loan amount, the availability of the loan and repayment period;
- assessed the financial ability of the revolving loan facility provider;
- assessed the disclosures in the consolidated financial statements in respect of the going concern with reference to the requirements of the prevailing accounting standards.

Based on our audit procedures performed, we found the significant judgements and assumptions used by management in the assessment were supportable with evidence obtained.

#### Other Matter

The consolidated financial statements of the Group for the year ended 31 August 2021 were audited by another auditor who expressed a disclaimer opinion in relation of the material uncertainty related to going concern on those statements on 26 November 2021.

### Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Independent Auditor's Report (Continued)

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

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Independent Auditor's Report (Continued)

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

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

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

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

#### **D & PARTNERS CPA LIMITED**

*Certified Public Accountants*

#### **Heung Wai Keung**

Practising Certificate Number: P06700

Hong Kong

15 December 2022

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 August 2022

	Notes	2022 SGD'000	2021 SGD'000
Revenue	5	13,321	15,431
Other losses, net	7	(36)	(1,984)
Cost of inventories consumed		(3,407)	(4,347)
Staff costs		(5,097)	(5,297)
Depreciation and amortisation		(1,967)	(5,296)
Rental and related expenses		(1,043)	(812)
Utility expenses		(576)	(554)
Marketing and advertising expenses		(65)	(248)
Franchise and licensing fees		(212)	(231)
Other operating expenses		(2,762)	(2,865)
Reversal of/(provision for) impairment losses on financial assets, net		22	(62)
Finance costs	8	(738)	(682)
Loss before tax	9	(2,560)	(6,947)
Income tax (expense)/credit	10	(73)	18
Loss for the year		(2,633)	(6,929)
<b>Other comprehensive income</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in the subsequent periods, net of tax:</i>			
Exchange differences on translation of foreign operations		30	7
Total comprehensive loss for the year		(2,603)	(6,922)
Loss for the year attributable to:			
Owners of the parent		(2,558)	(6,722)
Non-controlling interests		(75)	(207)
		(2,633)	(6,929)
Total comprehensive loss attributable to:			
Owners of the parent		(2,540)	(6,718)
Non-controlling interests		(63)	(204)
		(2,603)	(6,922)
<b>Loss per share attributable to ordinary equity holders of the parent</b>			
Basic and diluted	13	SGD(0.58) cents	SGD(1.53) cents

# Consolidated Statement of Financial Position

31 August 2022

	Notes	2022 SGD'000	2021 SGD'000
<b>Non-current Assets</b>			
Plant and equipment	14	395	1,677
Right-of-use assets	15(a)	748	2,387
Intangible assets	16	108	247
Rental and other deposits	18	308	1,059
<b>Total Non-current Assets</b>		<b>1,559</b>	<b>5,370</b>
<b>Current Assets</b>			
Inventories	17	49	76
Trade and other receivables, deposits and prepayments	18	1,123	1,229
Due from a director	19	–	227
Due from holding company	21	27	27
Cash and bank balances	22	108	379
<b>Total Current Assets</b>		<b>1,307</b>	<b>1,938</b>
<b>Current Liabilities</b>			
Trade and other payables and accruals	20	4,910	4,449
Due to non-controlling interests	21	89	93
Due to a director		1,059	–
Tax payable		90	–
Interest-bearing bank and other borrowings	23	562	643
Lease liabilities	15(b)	1,586	3,185
Provision for reinstatement costs	25	206	46
<b>Total Current Liabilities</b>		<b>8,502</b>	<b>8,416</b>
<b>Net Current Liabilities</b>		<b>(7,195)</b>	<b>(6,478)</b>
<b>Total Assets less Current Liabilities</b>		<b>(5,636)</b>	<b>(1,108)</b>
<b>Non-current Liabilities</b>			
Lease liabilities	15(b)	472	2,606
Deferred tax liabilities	24	34	34
Provision for reinstatement costs	25	356	147
<b>Total Non-current Liabilities</b>		<b>862</b>	<b>2,787</b>
<b>Net Liabilities</b>		<b>(6,498)</b>	<b>(3,895)</b>

# Consolidated Statement of Financial Position (Continued)

31 August 2022

	Notes	2022 SGD'000	2021 SGD'000
<b>Equity</b>			
Equity attributable to owners of the parent			
Share capital	26	764	764
Other reserves		(6,301)	(3,761)
		(5,537)	(2,997)
Non-controlling interests		(961)	(898)
<b>Deficit in Assets</b>		<b>(6,498)</b>	<b>(3,895)</b>

**Yeap Wei Han, Melvyn**  
*DIRECTOR*

**Wong Pui Kei, Peggy**  
*DIRECTOR*

# Consolidated Statement of Changes in Equity

Year ended 31 August 2022

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium <sup>1</sup>	Capital reserve <sup>2</sup>	Accumulated losses	Translation reserve <sup>3</sup>	Sub-total		
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000		
1 September 2020	764	11,853	4,507	(13,407)	4	3,721	(694)	3,027
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 and 1 September 2021	764	11,853*	4,507*	(20,129)*	8*	(2,997)	(898)	(3,895)
Loss for the year	-	-	-	(2,558)	-	(2,558)	(75)	(2,633)
Exchange differences on translation of foreign operations	-	-	-	-	18	18	12	30
Total comprehensive loss for the year	-	-	-	(2,558)	18	(2,540)	(63)	(2,603)
At 31 August 2022	764	11,853*	4,507*	(22,687)*	26*	(5,537)*	(961)	(6,498)*

\* These reserve amounts comprise the consolidated other reserves of negative SGD6,301,000 (2021: SGD3,761,000) in the consolidated statement of financial position.

<sup>1</sup> Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

<sup>2</sup> The capital reserve mainly arises from the reorganisation in prior years.

<sup>3</sup> The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3.4 to the consolidated financial statements.



# Consolidated Statement of Cash Flows

Year ended 31 August 2022

	Notes	2022 SGD'000	2021 SGD'000
<b>Cash flows from operating activities</b>			
Loss before tax		(2,560)	(6,947)
Adjustments for:			
Interest income	7	–	(19)
Gains on remeasurement of lease contracts	7	(55)	(39)
Impairment loss on plant and equipment	7	572	1,487
Impairment loss on right-of-use assets	7	349	2,467
Impairment loss on intangible assets	7	102	772
Rent concessions related to COVID-19	7	–	(563)
Loss on written off of plant and equipment	7	–	93
Finance costs	8	738	682
Depreciation of plant and equipment	9	737	1,426
Depreciation of right-of-use assets	9	1,193	3,803
Amortisation of intangible assets	9	37	67
Write down of inventories to net realisable value	9	–	(3)
Reversal of impairment loss on trade receivables, net	9	(3)	(3)
(Reversal of)/provision for impairment loss on other receivables, net	9	(19)	65
Provision for reinstatement costs, net	25	(57)	(13)
		<b>1,034</b>	<b>3,275</b>
Decrease/(increase) in inventories		27	(38)
Decrease/(increase) in trade and other receivables, deposits and prepayments		879	(565)
Increase/(decrease) in trade and other payables and accruals		461	(189)
		<b>2,401</b>	<b>2,483</b>
Cash generated from operations		<b>17</b>	<b>5</b>
Income tax refund			
		<b>2,418</b>	<b>2,488</b>
<b>Cash flows from investing activities</b>			
Purchases of plant and equipment		(6)	(339)
Repayment from a director		227	261
Cash paid for reinstatement costs		–	(14)
Advances to holding company		–	(2)
		<b>221</b>	<b>(94)</b>
<b>Net cash flows from/(used in) investing activities</b>			

## Consolidated Statement of Cash Flows (Continued)

Year ended 31 August 2022

	Notes	2022 SGD'000	2021 SGD'000
<b>Cash flows from financing activities</b>			
New borrowings		925	500
Repayment of borrowings		(1,006)	(606)
Advance from a director		1,089	–
Repayment to non-controlling interests		(4)	–
Interest paid		(738)	(67)
Repayment of lease liabilities		(3,177)	(3,264)
<b>Net cash flows used in financing activities</b>		<b>(2,911)</b>	<b>(3,437)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(272)</b>	<b>(1,043)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>379</b>	<b>1,415</b>
Effect of foreign exchange rate changes, net		1	7
<b>Cash and cash equivalents at end of the year, represented by cash and bank balances</b>		<b>108</b>	<b>379</b>

# Notes to the Consolidated Financial Statements

31 August 2022

## 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. Effective from 7 November 2022, the principal place of business of the Company was changed from 1 Grange Road, Orchard Building, #12-01, Singapore 239693 to 1 Pemimpin Drive, #03-04 One Pemimpin, Singapore 576151.

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 2022.

During the year, to rein in the spread of COVID-19, the Government of Singapore has tightened some of the measures to limit social gathering activities in Singapore which included the restriction for dine-in groups of up to 2 persons only for the period from 27 September 2021 to 21 November 2021. Although the Government has released the number of persons for dine in gradually, the tightened measures have posed an adverse impact on the sales of the food and beverage outlets in Singapore, especially for the eateries located in the Central Business District with a large number of people chose to stay and work from home instead of dining out.

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 2022

## 1. CORPORATE AND GROUP INFORMATION (Continued)

### Information about subsidiaries

Particulars of the Company's principal subsidiaries for both years 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.	Singapore	SGD150,000	–	100%	Dormant
NY Night Market (313) Pte. Ltd. (ceased business during the year)	Singapore	SGD300,000	–	100%	Operating restaurant in Singapore
Ny Night Market (Vivo) Pte. Ltd. (ceased business during the year)	Singapore	SGD300,000	–	100%	Operating restaurant in Singapore
SB 313 Pte. Ltd. (ceased business during the year)	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.	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.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 2. BASIS OF PRESENTATION

The following conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as going concern:

- (a) The Group incurred continuous loss attributable to owners of the parent of the Company of SGD2,558,000 (2021: SGD6,772,000) for the year ended 31 August 2022 and had net liabilities and net current liabilities of SGD6,498,000 (2021: SGD3,895,000) and SGD7,195,000 (2021: SGD6,478,000) respectively as at 31 August 2022;
- (b) Included in the Group's current liabilities as at 31 August 2022, the Group's interest-bearing bank and other borrowings of SGD562,000 (2021: SGD643,000), trade and other payables and accruals of SGD4,910,000 (2021: SGD4,449,000) and lease liabilities of SGD1,586,000 (2021: SGD3,185,000) would be due in upcoming 12 months, while the Group's cash and bank balances of SGD108,000 (2021: SGD379,000) are insufficient to settle all of the current liabilities; and
- (c) As disclosed in the Coronavirus (COVID-19) Impact Paragraph, the Group's operation are significantly affected by the local government policy and change in dining habits.

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) The Group is undertaking operational restructuring; the Group is keen to keep and/or enlarge the operations of profitable restaurants by increasing distribution channels and eliminate the under-performance restaurants by nature loss in order to improve the loss situation. The Group also intends to rebrand its restaurants to meet the changing food trends in Singapore to create customers' demands. Meanwhile, the Group is continuous to impose tighten controls over expenses, including implementation of minimization of food waste, to improve the profit margin. The management of the Group has confident that the Group's restaurant operations will generate positive results in nearly future;
- (ii) In order to meet the immediate working capital demand as stated above, the Group obtains a revolving loan facility of HK\$40,000,000 (equivalent to SGD7,119,000) from an independent third party which is effective for 18 months from the date of the revolving loan agreement on 15 December 2022 with the guarantee by a director and chairman of the Company. During the contracted period, the Group is able to draw the loan amount at anytime by placing a 2 days' notice period; and
- (iii) The management of the Group is willing to provide adequate financial support and seek for investors to ensure the Group's continuous 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 12 months from the end of reporting date.

## 2. BASIS OF PRESENTATION (Continued)

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.

#### **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 2022. 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.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 3.1 BASIS OF PREPARATION (Continued)

### Basis of consolidation (Continued)

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

## 3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendment HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, *Interest Rate Benchmark Reform - Phase 2*  
HKFRS 7, HKFRS 4 and HKFRS 16

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

In addition, the Company also adopted an "agenda decision" of the IFRS Interpretations Committee (the "**Committee**") in relation to the estimated cost necessary to make the sale. In June 2021, the Committee, through its agenda decision, clarified the costs. The Company should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, the Committee clarified whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that the Company must incur to sell its inventories including those that are not incremental to a particular sale. The Company's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Company changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and selling and distribution expenses. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

## 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.

HKFRS 17	<i>Insurance Contracts and the related amendments</i> <sup>2</sup>
Amendment to AG 5	<i>Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)</i> <sup>2</sup>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Noncurrent and related amendments to Hong Kong Interpretation 5 (2020)</i> <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>2</sup>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> <sup>2</sup>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>2</sup>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i> <sup>1</sup>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> <sup>1</sup>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</i> <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

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.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

### 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 2022

## 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.



# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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 on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### Cash and cash equivalents

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

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

## 3.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be 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 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.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 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.

### Going concern assumptions

The going concern assumptions made by the management of the Group are involved significant judgement and estimation, details are disclosed in note 2 to the consolidated financial statements.

### 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 2022, 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 2022

## 5. REVENUE

An analysis of revenue is as follows:

	2022 SGD'000	2021 SGD'000
<b>Revenue from contract with customers</b>	<b>13,321</b>	15,431

### Revenue from contract with customers

#### (i) Disaggregated revenue information

For the year ended 31 August 2022

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	13,305	-	-	13,305
Sale of food ingredients	-	16	-	16
Provision of franchise and royalty services	-	-	-	-
Total revenue from contracts with customers	<u>13,305</u>	<u>16</u>	<u>-</u>	<u>13,321</u>
<b>Geographical markets</b>				
Singapore	13,305	16	-	13,321
Indonesia	-	-	-	-
Total revenue from contracts with customers	<u>13,305</u>	<u>16</u>	<u>-</u>	<u>13,321</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point of time	13,305	16	-	13,321
Services transferred over time	-	-	-	-
Total revenue from contracts with customers	<u>13,305</u>	<u>16</u>	<u>-</u>	<u>13,321</u>

## 5. REVENUE (Continued)

### Revenue from contract with customers (Continued)

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

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

#### (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.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 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	
	2022	2021	2022	2021
	SGD'000	SGD'000	SGD'000	SGD'000
Singapore	13,321	15,415	1,559	5,370
Indonesia	–	16	–	–
	<u>13,321</u>	<u>15,431</u>	<u>1,559</u>	<u>5,370</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 2022

## 7. OTHER LOSSES, NET

	2022 SGD'000	2021 SGD'000
Exchange loss, net	(82)	(10)
Loss on written off of plant and equipment	–	(93)
Gains on remeasurement of lease contracts	55	39
Impairment loss on plant and equipment <i>(Note 14)</i>	(572)	(1,487)
Impairment loss on right-of-use assets <i>(Note 15(a))</i>	(349)	(2,467)
Impairment loss on intangible assets <i>(Note 16)</i>	(102)	(772)
Interest income	–	19
Government grants*:		
– Jobs support scheme	36	1,343
– Rental support scheme	413	466
– Other government grants	20	107
Rent concessions related to COVID-19 <i>(Note 15(c))</i>	–	563
Management fee income	193	71
Others	352	237
	<b>(36)</b>	<b>(1,984)</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

	2022 SGD'000	2021 SGD'000
Interest on bank loans	–	7
Interest on other loans	384	41
Interest on trust receipt loans	3	19
Interest on lease liabilities	351	615
	<b>738</b>	<b>682</b>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 9. LOSS BEFORE TAX

	2022 SGD'000	2021 SGD'000
The Group's loss before tax is arrived at after charging/(crediting):		
Auditor's remuneration		
– Current	117	135
Amortisation of intangible assets (Note 16)	37	67
Depreciation of plant and equipment (Note 14)	737	1,426
Depreciation of right-of-use assets (Note 15(a))	1,193	3,803
Reversal of impairment loss of trade receivables, net <sup>#</sup> (Note 18(a))	(3)	(3)
(Reversal of)/provision for impairment loss of other receivables, net <sup>#</sup> (Note 18(b))	(19)	65
Employee benefit expenses excluding directors' and chief executive's remuneration (Note 11):		
– Salaries and allowances	4,302	4,249
– Retirement benefit contributions	357	370
	4,659	4,619
Lease payments not included in the measurement of lease liabilities (Note 15(c))	476	130
Write down of inventories to net realisable value*	–	3
	4,659	4,619

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

# Items are included “Reversal of/(provision for) 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 2022

### 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 2022 (2021: Nil).

Singapore Corporate Income Tax has been provided at 17% (2021: 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.

	2022 SGD'000	2021 SGD'000
Current – Singapore		
Provision for the year	90	–
Over provision in prior years	(17)	(18)
	73	(18)
Deferred <i>(Note 24)</i>	–	–
Total tax expense/(credit) for the year	73	(18)

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

	2022 SGD'000	2021 SGD'000
Loss before tax	(2,560)	(6,947)
Tax charged at the domestic income tax rate of 17%	(435)	(1,180)
Expenses not deductible for tax	458	1,044
Tax losses not recognised	147	472
Income not subject to tax	(80)	(336)
Over provision in respect of prior years	(17)	(18)
Income tax expense/(credit) for the year	73	(18)

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 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:

	2022 SGD'000	2021 SGD'000
Fees	51	57
Other emoluments:		
Salaries and allowances	369	565
Retirement benefit contributions	18	56
	387	621
	438	678

## 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 2022			Total SGD'000
	Directors' fee SGD'000	Salaries and allowances SGD'000	Retirement benefit contributions SGD'000	
<b>Executive directors</b>				
Mr. Yeap Wei Han, Melvyn ("Mr. Yeap")	-	164	8	172
Mr. Ho Zhi Yi, Levi ("Mr. Ho") <sup>9</sup>	-	83	7	90
Ms. Wong Pui Kei, Peggy <sup>3</sup>	-	59	3	62
Mr. Zhou Junqi <sup>4</sup>	-	63	-	63
Mr. Xie Jianlong <sup>8</sup>	-	-	-	-
Sub-total	-	369	18	387
<b>Non-executive directors</b>				
Mr. Liu Junjie <sup>5</sup>	-	-	-	-
Sub-total	-	-	-	-
<b>Independent non-executive directors</b>				
Mr. Law Chun Lam, Nelson	21	-	-	21
Mr. Lee Ming Yeung, Michael <sup>7</sup>	9	-	-	9
Mr. Chau Wing Nam <sup>10</sup>	5	-	-	5
Ms. Huang Qingrong <sup>6</sup>	-	-	-	-
Mr. Ong King Keung <sup>11</sup>	16	-	-	16
Sub-total	51	-	-	51
Total	51	369	18	438



# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

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

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

	Directors' fee SGD'000	Year ended 31 August 2021 Salaries and allowances SGD'000	Retirement benefit contributions SGD'000	Total SGD'000
<b>Executive directors</b>				
Mr. Lai Weijie, Terence ("Mr. Terence Lai") <sup>1</sup>	–	105	12	117
Mr. Yeap	–	142	12	154
Mr. Ho <sup>9</sup>	–	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>11</sup>	7	–	–	7
Sub-total	57	–	–	57
Total	57	565	56	678

<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 and subsequently removed on 27 October 2022

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

<sup>7</sup> Appointed on 15 December 2021

<sup>8</sup> Appointed on 10 January 2022

<sup>9</sup> Resigned on 10 January 2022

<sup>10</sup> Appointed on 6 June 2022

<sup>11</sup> Appointed on 6 May 2021 and resigned on 6 June 2022

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.

## 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 one director (2021: three directors), details of whose emoluments are set out in (a) above. Details of the remuneration for the year of the remaining four (2021: two) individuals who are neither a director nor chief executive of the Company are as follows:

	2022 SGD'000	2021 SGD'000
Salaries, allowances and other benefits	414	204
Retirement benefit contributions	65	33
	<u>479</u>	<u>237</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:

	2022 No. of employees	2021 No. of employees
Nil to HK\$1,000,000	<u>4</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 2022

## 12. DIVIDEND

No dividend was paid or proposed during the year ended 31 August 2022, nor has any dividend been propose since the end of the reporting period (2021: Nil).

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

The calculation of the basic and diluted loss based on:

	2022 SGD'000	2021 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>(2,558)</u>	<u>(6,722)</u>

	Number of shares	
	2022	2021
<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>440,000,000</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 (2021: Nil).

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 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 2020	572	393	694	6,408	–	8,067
Reclassification from right-of-use assets	–	–	–	–	48	48
Additions	25	22	59	707	–	813
Written off	–	–	–	(755)	–	(755)
At 31 August 2021 and 1 September 2021	597	415	753	6,360	48	8,173
Additions	6	–	–	–	22	28
Written off	(21)	–	–	(1,177)	–	(1,198)
Exchange realignment	(1)	–	–	–	–	(1)
<b>At 31 August 2022</b>	<b>581</b>	<b>415</b>	<b>753</b>	<b>5,183</b>	<b>70</b>	<b>7,002</b>
<b>ACCUMULATED DEPRECIATION/ IMPAIRMENT</b>						
At 1 September 2020	377	151	299	3,376	–	4,203
Reclassification from right-of-use assets	–	–	–	–	42	42
Provided for the year (Note 9)	89	84	122	1,131	–	1,426
Impairment loss recognised (Note 7)	2	5	11	1,469	–	1,487
Eliminated on written off	–	–	–	(662)	–	(662)
At 31 August 2021 and 1 September 2021	468	240	432	5,314	42	6,496
Provided for the year (Note 9)	71	75	112	471	8	737
Impairment loss recognised (Note 7)	–	–	–	572	–	572
Eliminated on written off	(21)	–	–	(1,177)	–	(1,198)
<b>At 31 August 2022</b>	<b>518</b>	<b>315</b>	<b>544</b>	<b>5,180</b>	<b>50</b>	<b>6,607</b>
<b>NET CARRYING AMOUNT</b>						
<b>At 31 August 2022</b>	<b>63</b>	<b>100</b>	<b>209</b>	<b>3</b>	<b>20</b>	<b>395</b>
At 31 August 2021	129	175	321	1,046	6	1,677

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.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 14. PLANT AND EQUIPMENT (Continued)

### Written off of plant and equipment

During the year, the Group ceased the operations of several restaurants. 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 SGD Nil (2021: SGD93,000).

### Impairment of plant and equipment, right-of-use assets and intangible 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. Although management has introduced temporary measures such as set meals for delivery services, the financial performance was inevitably affected.

Management has performed an assessment on the Group's non-current assets, primarily comprising plant and equipment, right-of-use assets and intangible assets as at 31 August 2022. 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.

The 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.

No growth rate is expected in the impairment assessment. The management has impaired all the carrying amount of plant and equipment, right-of-use assets and intangible assets of the outlets which incurred a loss or are ceased after subsequent to the reporting period.

As at 31 August 2022, the aggregate net carrying amounts which approximately to the recoverable amounts of the plant and equipment, right-of-use assets and intangible assets are SGD395,000 (2021: SGD1,677,000), SGD748,000 (2021: SGD2,387,000) and SGD108,000 (2021: SGD247,000) respectively. During the year ended 31 August 2022, impairment of plant and equipment, of right-of-use assets and intangible assets amounting of SGD572,000 (2021: SGD1,487,000), SGD349,000 (2021: SGD2,467,000) and SGD102,000 (2021: SGD772,000) were recognised in profit or loss, respectively.

## 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. 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.

## 15. LEASES (Continued)

### The Group as a lessee (Continued)

#### (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 2020	10,284	16	10,300
Additions	1,112	–	1,112
Depreciation charge <i>(Note 9)</i>	(3,793)	(10)	(3,803)
Impairment loss recognised <i>(Note 7)</i>	(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)
At 31 August 2021 and 1 September 2021	2,387	–	2,387
Additions	426	–	426
Depreciation charge <i>(Note 9)</i>	(1,193)	–	(1,193)
Impairment loss recognised <i>(Note 7)</i>	(349)	–	(349)
Reassessment of lease term arising from a decision not to exercise the extension option	(523)	–	(523)
At 31 August 2022	748	–	748

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 SGD523,000 and SGD578,000 (2021: SGD2,425,000 and SGD2,464,000) respectively.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 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:

	2022 SGD'000	2021 SGD'000
Carrying amount at 1 September	5,791	11,040
New leases	22	1,095
Accretion of interest recognised during the year	351	615
Payments	(3,528)	(3,607)
Rent concession related to COVID-19	-	(563)
Reassessment of lease term arising from a decision not to exercise the extension option	(578)	(2,464)
Reassessment arising from change in consideration	-	(324)
Exchange realignment	-	(1)
	<u>2,058</u>	<u>5,791</u>
Carrying amount at 31 August	<u>2,058</u>	<u>5,791</u>
Analysed into:		
Current portion	1,586	3,185
Non-current portion	472	2,606
	<u>2,058</u>	<u>5,791</u>

The maturity analysis of lease liabilities is disclosed in Note 31 to the consolidated financial statements.

## 15. LEASES (Continued)

### The Group as a lessee (Continued)

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

	2022 SGD'000	2021 SGD'000
Interest on lease liabilities	351	615
Depreciation charge of right-of-use assets	1,193	3,803
Impairment of right-of-use assets	349	2,467
Expense relating to short-term leases (included in rental and related expenses) <i>(Note 9)</i>	313	–
Expense relating to leases of low-value assets (included in rental and related expenses) <i>(Note 9)</i>	61	67
Variable lease payments not included in the measurement of lease liabilities (included in rental and related expenses) <i>(Note 9)</i>	102	63
Rent concessions related to COVID-19 <i>(Note 7)</i>	–	(563)
Total amount recognised in profit or loss	<u>2,369</u>	<u>6,452</u>

### (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 2022

	Payable within five years SGD'000	Payable after five years SGD'000	Total SGD'000
Extension options expected not to be exercised	<u>530</u>	<u>–</u>	<u>530</u>

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	<u>4,361</u>	<u>–</u>	<u>4,361</u>



# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 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 SGD102,000 (2021: SGD63,000).

## 16. INTANGIBLE ASSETS

	Franchise and licensing rights SGD'000
<b>COST</b>	
At 1 September 2020, 31 August 2021, 1 September 2021 and 31 August 2022	1,462
<b>ACCUMULATED AMORTISATION</b>	
At 1 September 2020	376
Provided for the year (Note 9)	67
Impairment loss recognised (Note 7)	772
At 31 August 2021 and 1 September 2021	1,215
Provided for the year (Note 9)	37
Impairment loss recognised (Note 7)	102
<b>At 31 August 2022</b>	<b>1,354</b>
<b>NET CARRYING AMOUNTS</b>	
<b>At 31 August 2022</b>	<b>108</b>
At 31 August 2021	247

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 SGD102,000 (2021: SGD772,000) in profit or loss during the year.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 17. INVENTORIES

	2022 SGD'000	2021 SGD'000
Food and beverage and consumables	49	76

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

	Notes	2022 SGD'000	2021 SGD'000
Trade receivables		360	528
Less: Impairment		(306)	(309)
Trade receivables, net	(a)	54	219
Other receivables	(b)	447	767
Rental and other deposits	(c)	887	1,247
Prepayments		43	55
		1,431	2,288
Less: Rental and other deposits classified as non-current assets		(308)	(1,059)
Trade and other receivables, deposits and prepayments – current portion		1,123	1,229

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:

	2022 SGD'000	2021 SGD'000
0 – 30 days	42	191
31 – 60 days	1	–
61 – 90 days	1	–
Over 90 days	10	28
	54	219

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 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:

	2022 SGD'000	2021 SGD'000
At beginning of year	309	325
Reversal of impairment loss, net (Note 9)	(3)	(3)
Amount written off as uncollectible	-	(13)
At end of year	<u>306</u>	<u>309</u>

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 2022

	Past due					Total
	Current	0-30 days	31-60 days	61-90 days	Over 90 days	
Expected credit loss rate	0%	0%	0%	0%	100%	85%
Gross carrying amount (SGD'000)	54	-	-	-	306	360
Expected credit losses (SGD'000)	-	-	-	-	306	306

#### As at 31 August 2021

	Past due					Total
	Current	0-30 days	31-60 days	61-90 days	Over 90 days	
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

## 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:

	2022 SGD'000	2021 SGD'000
At beginning of year	557	492
(Reversal of)/provision for impairment loss, net <i>(Note 9)</i>	(19)	65
At end of year	<u>538</u>	<u>557</u>

In the opinion of the directors, the impairment of other receivables of SGD538,000 (2021: SGD557,000) 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 (2021: SGD1,200,000) was specific in nature and considering the negative impact of COVID-19 on the operation of deposits recipient, 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. AMOUNT DUE FROM A DIRECTOR

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 2022	31 August 2021	Maximum amount outstanding during the year	
	SGD'000	SGD'000	2022 SGD'000	2021 SGD'000
Amounts due from directors:				
Mr. Terence Lai	-	-	-	94
Mr. Yeap	-	227	227	321
Mr. Ho	-	-	-	94
Mr. Tan	-	-	-	94
Mr. Ng	-	-	-	93
	<u>-</u>	<u>227</u>	<u>-</u>	<u>93</u>

The amount due from a director is non-trade in nature, unsecured, bear interest at 4% per annum (2021: 4% per annum) and repayable on demand.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 20. TRADE AND OTHER PAYABLES AND ACCRUALS

	Notes	2022 SGD'000	2021 SGD'000
Trade payables	(a)	903	861
Goods and services tax payables		359	339
Salaries payables		491	432
Accruals		1,402	605
Other payables	(b)	1,755	2,212
		<b>4,910</b>	<b>4,449</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:

	2022 SGD'000	2021 SGD'000
0 – 30 days	243	239
31 – 60 days	196	213
61 – 90 days	170	88
Over 90 days	294	321
	<b>903</b>	<b>861</b>

- (b) 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 2022

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

Saved as the balance disclosed in note 19, the balances with the holding company, director 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

	2022 SGD'000	2021 SGD'000
Unsecured and repayable within one year:		
Bank loans	-	38
Term loans	562	432
Trust receipt loans	-	173
	<u>562</u>	<u>643</u>

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

The Group's bank and other borrowings carry interest at fixed rate of 48% per annum as at 31 August 2022 (2021: ranging from 3.5% to 30% per annum).

The balances of term loans are guaranteed by Mr. Ho and Mr. Terence Lai, directors of certain subsidiaries of the Company as at 31 August 2022 and 2021.

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

## Notes to the Consolidated Financial Statements (Continued)

31 August 2022

### 24. DEFERRED TAXATION

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

	<b>Accelerated tax depreciation</b> SGD'000
At 1 September 2020, 31 August 2021, 1 September 2021 and 31 August 2022	34

The Group has unrecognised tax losses and wear and tear allowances arising in Singapore and Malaysia of SGD2,146,000 and SGD220,000 (2021: SGD1,281,000 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 2020	202
Provision recognised	18
Utilisation	(14)
Reversed	(13)
At 31 August 2021 and 1 September 2021	193
Provision recognised	426
Utilisation	(57)
At 31 August 2022	562

	<b>2022</b> SGD'000	2021 SGD'000
Analysed as:		
Current	<b>206</b>	46
Non-current	<b>356</b>	147
	<b>562</b>	193

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 2022

## 26. SHARE CAPITAL

	2022 HK\$'000	2021 HK\$'000
<b>Authorised</b>		
4,000,000,000 Ordinary shares of HK\$0.01 each	<b>40,000</b>	40,000

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 2020, 31 August 2021, 1 September 2021 and 31 August 2022	440,000,000	4,400	764

## 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 2022

## 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 years.

## 28. 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 2021 SGD'000	Financing cash flows SGD'000	Non-cash changes SGD'000 (Note)	As at 31 August 2022 SGD'000
Interest-bearing bank and other borrowings	643	(468)	387	562
Lease liabilities	5,791	(3,528)	(205)	2,058
	<u>6,434</u>	<u>(3,996)</u>	<u>182</u>	<u>2,620</u>

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

**(a)** (Continued)

	As at 1 September 2020 SGD'000	Financing cash flows SGD'000	Non-cash changes SGD'000 <i>(Note)</i>	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
	<u>11,789</u>	<u>(3,437)</u>	<u>(1,918)</u>	<u>6,434</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 plant and equipment/right-of-use assets and lease liabilities of SGD22,000 (2021: SGD1,112,000) and SGD22,000 (2021: SGD1,095,000), respectively, in respect of lease arrangements for motor vehicle (2021: properties).
- (ii) During the year, the Group had settled certain lease liabilities of SGDnil (2021: SGD343,000) 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:

	2022 SGD'000	2021 SGD'000
Within operating activities	476	745
Within financing activities	3,528	3,264
	<u>4,004</u>	<u>4,009</u>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

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

Details of non-wholly owned subsidiaries that have 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	
		2022	2021	2022	2021	2022	2021	2022	2021
				SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Kogane Yama Restaurants Pte. Ltd.	Singapore	40%	40%	61	(134)	-	-	(372)	(433)
Kota Bak Kut Teh (SG) Pte. Ltd.	Singapore	10%	10%	(59)	(4)	-	-	(77)	(18)
Kota Bak Kut Teh (SRG) Pte. Ltd.	Singapore	20%	20%	(77)	(69)	-	-	(191)	(114)
K food Master Holdings Sdn. Bhd.	Malaysia	40%	40%	-	-	12	3	(321)	(333)
				(75)	(207)	12	3	(961)	(898)

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.

	2022 SGD'000	2021 SGD'000
Current assets	944	79
Non-current assets	37	35
Current liabilities	1,840	1,172
Non-current liabilities	69	23
Equity attributable to owner of the parent	(557)	(648)
Non-controlling interest	(372)	(433)

## Notes to the Consolidated Financial Statements (Continued)

31 August 2022

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

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

	2022 SGD'000	2021 SGD'000
Income	1,915	1,964
Expenses	<u>(1,763)</u>	<u>(2,298)</u>
Profit/(loss) and total comprehensive income/loss for the year	<u>152</u>	<u>(334)</u>
Profit/(loss) and total comprehensive income/(loss) attributable to owner of the parent	91	(200)
Profit/(loss) and total comprehensive income/(loss) attributable to non-controlling interest	<u>61</u>	<u>(134)</u>
Profit/(loss) and total comprehensive income/(loss) for the year	<u>152</u>	<u>(334)</u>
Net cash inflow from operating activities	414	185
Net cash outflow from investing activities	-	(15)
Net cash outflow from financing activities	<u>(428)</u>	<u>(257)</u>
Net cash outflow	<u>(14)</u>	<u>(87)</u>

## Notes to the Consolidated Financial Statements (Continued)

31 August 2022

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

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

	2022 SGD'000	2021 SGD'000
Current assets	118	38
Non-current assets	100	1,447
Current liabilities	930	1,079
Non-current liabilities	76	602
Equity attributable to owner of the parent	(710)	(178)
Non-controlling interest	(77)	(18)
Income	957	1,248
Expenses	(1,549)	(1,296)
Loss and total comprehensive loss for the year	(592)	(48)
Loss and total comprehensive loss attributable to owner of the parent	(533)	(44)
Loss and total comprehensive loss attributable to non-controlling interest	(59)	(4)
Loss and total comprehensive loss for the year	(592)	(48)
Net cash inflow from operating activities	190	393
Net cash outflow from investing activities	-	(4)
Net cash outflow from financing activities	(212)	(474)
Net cash outflow	(22)	(85)

## Notes to the Consolidated Financial Statements (Continued)

31 August 2022

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

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

	2022 SGD'000	2021 SGD'000
Current assets	69	85
Non-current assets	72	675
Current liabilities	794	1,114
Non-current liabilities	154	216
Equity attributable to owner of the parent	(764)	(456)
Non-controlling interest	(191)	(114)
Income	1,095	1,435
Expenses	(1,481)	(1,779)
Loss and total comprehensive loss for the year	(386)	(344)
Loss and total comprehensive loss attributable to owner of the parent	(309)	(275)
Loss and total comprehensive loss attributable to non-controlling interest	(77)	(69)
Loss and total comprehensive loss for the year	(386)	(344)
Net cash inflow from operating activities	296	188
Net cash outflow from investing activities	-	-
Net cash outflow from financing activities	(366)	(209)
Net cash outflow	(70)	(21)

# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 30. RELATED PARTIES TRANSACTIONS

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

Name of related party	Nature of transaction	2022 SGD'000	2021 SGD'000
Substantial shareholder			
– Mr. Derek Lai Weikang	Staff costs	133	139
– Mr. Ho	Staff costs	150	–
– Mr. Terence Lai	Staff costs	69	–
– Mr. Tan	Staff costs	30	–
– Mr. Ng	Staff costs	28	–
Related party			
– Mago HV Pte. Ltd.	Management fee income	96	71
Directors of subsidiaries			
– Mr. Terence Lai	Management fee income	–	162
– Mr. Yeap	Interest income	–	19

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

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

## 31. FINANCIAL INSTRUMENTS

(a) **Categories of financial instruments**

All the Group's financial assets and liabilities as at 31 August 2022 and 2021 are stated at amortised cost.

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

The Group's major financial instruments include trade and other receivables, deposits, 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.

## 31. FINANCIAL INSTRUMENTS (Continued)

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

#### Interest rate risk

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

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

#### Currency risk

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

#### Credit risk

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

#### *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 2022

	12-month ECLs		Lifetime ECLs		Total SGD'000
	Stage 1 SGD'000	Stage 2 SGD'000	Stage 3 SGD'000	Simplified approach SGD'000	
Trade receivables*	-	-	-	360	360
Amount due from holding company	27	-	-	-	27
Financial assets included other receivables and deposits – Normal**	3,072	-	-	-	3,072
Cash and bank balances	108	-	-	-	108
	<b>3,207</b>	<b>-</b>	<b>-</b>	<b>360</b>	<b>3,567</b>



# Notes to the Consolidated Financial Statements (Continued)

31 August 2022

## 31. FINANCIAL INSTRUMENTS (Continued)

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

#### Credit risk (Continued)

As at 31 August 2021

	12-month ECLs		Lifetime ECLs		Simplified approach SGD'000	Total SGD'000
	Stage 1 SGD'000	Stage 2 SGD'000	Stage 3 SGD'000			
Trade receivables*	–	–	–		528	528
Amounts due from directors	227	–	–		–	227
Amount due from holding company	27	–	–		–	27
Financial assets included other receivables and deposits						
– Normal**	3,772	–	–		–	3,772
Cash and bank balances	379	–	–		–	379
	<u>4,405</u>	<u>–</u>	<u>–</u>		<u>528</u>	<u>4,933</u>

\* 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 and deposits is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

## 31. FINANCIAL INSTRUMENTS (Continued)

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

#### 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.

	Effective interest rate	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	Carrying amount SGD'000
<b>At 31 August 2022</b>						
Trade and other payables	N/A	3,580	-	-	3,580	3,580
Amounts due to non-controlling interests	N/A	89	-	-	89	89
Amount due to director	N/A	1,059	-	-	1,059	1,059
Interest-bearing bank and other borrowings	48%	620	56	-	676	562
Lease liabilities	5.8%	986	700	482	2,168	2,058
		<u>6,334</u>	<u>756</u>	<u>482</u>	<u>7,572</u>	<u>7,348</u>
<b>At 31 August 2021</b>						
Trade and other payables	N/A	3,844	-	-	3,844	3,844
Amounts due to non-controlling interests	N/A	93	-	-	93	93
Interest-bearing bank and other borrowings	10.4%	758	-	-	758	643
Lease liabilities	5.8%	1,840	1,529	2,765	6,134	5,791
		<u>6,535</u>	<u>1,529</u>	<u>2,765</u>	<u>10,829</u>	<u>10,371</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 2022

## 32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debts, which includes amounts due to non-controlling interests disclosed in Note 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.

## 33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 SGD'000	2021 SGD'000
<b>Non-current Assets</b>		
Investment in subsidiaries	79	79
Plant and equipment	4	–
	<u>83</u>	<u>79</u>
<b>Current Assets</b>		
Prepayments	–	17
Due from holding company	12	13
	<u>12</u>	<u>30</u>
<b>Total Current Assets</b>	<u>12</u>	<u>30</u>
<b>Current Liabilities</b>		
Other payables and accruals	693	334
Due to subsidiaries	86	83
Due to a director	204	–
	<u>983</u>	<u>417</u>
<b>Total Current Liabilities</b>	<u>983</u>	<u>417</u>
<b>Net Current Liabilities</b>	<u>(971)</u>	<u>(387)</u>
<b>Net Liabilities</b>	<u>(888)</u>	<u>(308)</u>
<b>Equity</b>		
Share capital	764	764
Reserves	(1,652)	(1,072)
	<u>(888)</u>	<u>(308)</u>
<b>Deficit in Assets</b>	<u>(888)</u>	<u>(308)</u>

## 33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

### Movement in the Company's reserves:

	Share premium SGD'000	Accumulated losses SGD'000	Deficit in assets SGD'000
At 1 September 2020	11,853	(13,031)	(1,178)
Profit and total comprehensive profit for the year	—	106	106
At 31 August 2021 and 1 September 2021	11,853	(12,925)	(1,072)
Profit and total comprehensive loss for the year	—	(580)	(580)
At 31 August 2022	11,853	(13,505)	(1,652)

## 34. EVENT AFTER THE REPORTING PERIOD

- (i) On 18 May 2022, the Company announced to the share consolidation which involves the consolidation of every ten issued and unissued existing shares of par value HK\$0.01 each into one consolidated share of par value of HK\$0.1 each (the “**Consolidated Share**”) and issued one share on every two Consolidated Share (the “**Right Issue**”). On 21 October 2022, the Consolidated Share is completed.

Up to the date of this report, the Right Issue is in a progress.

- (ii) Reference is made on the announcement of of the Company dated 5 December 2022, the Group has received the writ of summons as the defendant for the default in the payment of the invoices issued by the plaintiff. The plaintiff filed the lawsuit in the District Court of Hong Kong against the Group to demand immediate repayment of overdue amount approximately to SGD155,000 (equivalent approximately to HK\$874,000) together with the late penalty interest approximately to SGD35,000 (equivalent approximately to HK\$198,000).

Up to the date of this report, the litigation is in a progress and no conclusion has been reached.

## 35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 15 December 2022.

## Financial Summary

	Year ended 31 August 2022 SGD'000	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
Revenue	13,321	15,431	14,916	15,705	15,418
Loss before tax	(2,560)	(6,947)	(7,991)	(3,494)	(3,801)
Income tax	(73)	18	26	7	(163)
Loss for the year/period	(2,633)	(6,929)	(7,965)	(3,487)	(3,964)
<b>Other comprehensive income/(loss)</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	30	7	5	1	6
Total comprehensive loss for the year/period	(2,603)	(6,922)	(7,960)	(3,486)	(3,958)
Loss for the year/period attributable to:					
– Owners of the parent	(2,558)	(6,722)	(7,405)	(3,367)	(3,841)
– Non-controlling interests	(75)	(207)	(560)	(120)	(123)
	(2,633)	(6,929)	(7,965)	(3,487)	(3,964)
Total comprehensive loss attributable to:					
– Owners of the parent	(2,540)	(6,718)	(7,402)	(3,367)	(3,838)
– Non-controlling interests	(63)	(204)	(558)	(119)	(120)
	(2,603)	(6,922)	(7,960)	(3,486)	(3,958)
	<b>31 August 2022 SGD'000</b>	<b>31 August 2021 SGD'000</b>	<b>31 August 2020 SGD'000</b>	<b>31 August 2019 SGD'000</b>	<b>30 September 2018 SGD'000</b>
Total assets	2,866	7,308	19,796	12,881	16,500
Total liabilities	(9,364)	(11,203)	(16,769)	(4,501)	(4,634)
	(6,498)	(3,895)	3,027	8,380	11,866
Equity attributable to:					
– Owners of the parent	(5,537)	(2,997)	3,721	8,516	11,883
– Non-controlling interests	(961)	(898)	(694)	(136)	(17)
	(6,498)	(3,895)	3,027	8,380	11,866

The summary of the consolidated results of the Group for the year ended 31 August 2022, 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 2022, 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.