

**K**Group



**ANNUAL  
REPORT  
2022 / 2023**

**K**GROUP HOLDINGS LIMITED

千盛集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8475

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE” AND THE “GEM”, RESPECTIVELY)

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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.*



## Contents

Corporate Information	3
Chairman's Statement	5
Management Discussion and Analysis	7
Biographical Information of Directors and Senior Management	16
Corporate Governance Report	21
Directors' Report	41
Environmental, Social and Governance Report	58
Independent Auditor's Report	86
Consolidated Statement of Profit or Loss and Other Comprehensive Income	89
Consolidated Statement of Financial Position	90
Consolidated Statement of Changes in Equity	92
Consolidated Statement of Cash Flows	93
Notes to the Consolidated Financial Statements	95
Financial Summary	150



## Board of Directors

### Executive Directors

Mr. Li Junjian (*Chairman*) (appointed on 25 July 2023 and appointed as chairman on 13 December 2023)

Mr. Zhou Junqi (*Chairman*)  
(resigned on 13 December 2023)

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 (retired on 28 February 2023)

### Non-Executive Director

Mr. Su Shiyi (appointed on 27 October 2023)

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

### Independent Non-Executive Directors

Mr. Lee Ming Yeung, Michael

Mr. Chau Wing Nam

Mr. Lei Xiongpeng  
(appointed on 14 September 2023)

Mr. Law Chung Lam, Nelson  
(resigned on 1 June 2023)

## Compliance Officer

Mr. Yeap Wei Han, Melvyn

## Authorised Representatives

Mr. Li Junjian (appointed on 25 July 2023 and appointed as authorised representative on 13 December 2023)

Mr. Chu Pui Ki Dickson CPA

Mr. Zhou Junqi (resigned on 13 December 2023)

## Company Secretary

Mr. Chu Pui Ki Dickson CPA

## Board Committees

### Audit Committee

Mr. Chau Wing Nam (*Chairman*)

Mr. Lee Ming Yeung, Michael

Mr. Lei Xiongpeng  
(appointed on 14 September 2023)

Mr. Law Chung Lam, Nelson  
(resigned on 1 June 2023)

### Remuneration Committee

Mr. Lee Ming Yeung, Michael (*Chairman*)

Mr. Chau Wing Nam

Mr. Lei Xiongpeng  
(appointed on 14 September 2023)

Mr. Law Chung Lam, Nelson  
(resigned on 1 June 2023)

### Nomination Committee

Mr. Lei Xiongpeng (*Chairman*)

(appointed on 14 September 2023)

Mr. Chau Wing Nam

(redesigned as a member on 14 September 2023)

Mr. Lee Ming Yeung, Michael

Mr. Law Chung Lam, Nelson  
(resigned on 1 June 2023)

## Auditor

TARGET CPA LIMITED

Registered Public Interest Entity Auditor

Unit E, 22/F.

Tower A, Billion Centre

1 Wang Kwong Road

Kowloon, Hong Kong

## Principal Banker

United Overseas Bank

80 Raffles Place

UOB Plaza

Republic of Singapore 048624

## Corporate Information (Continued)

### Registered Office in the Cayman Islands

Windward 3  
Regatta Office Park  
PO Box 1350  
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)

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 2023 (the “**Year**”).

## Overview

For the Year, the Group's revenue was approximately SGD5.9 million (2022: SGD13.3 million), representing a decrease of approximately 55.6% compared to the year ended 31 August 2022 (“**Year 2022**”). The Group recorded a loss of approximately SGD2.4 million for the Year (2022: SGD2.6 million). The loss for the year was mainly due to the drop in demand and influx of diners which resulted in the cessation of operation of 8 self-operated restaurants during the year.

## Business Review and Prospect

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

During the year, we have been closely reviewing the financial performance of all restaurants and adjusting the business strategies over time in order to prepare for post-pandemic business recovery. However, the change in customer preferences and fierce competition in food and beverage industry have a detrimental impact on our results of operations. The Group decided to close eight self-operated restaurants and one central kitchen during the year, which was mainly caused by (i) the under-performance of restaurants and (ii) termination of lease agreements for restaurants.

As at 31 August 2023, the Group had three self-operated restaurants under various brands, comprising of (i) one restaurant in Singapore under the brand “**Chir Chir**” which is specialised in offering Korean fried chicken dishes; (ii) one restaurant in Singapore under the brand “**Masizzim**” which is specialised in offering Korean stew dishes; and (iii) one restaurant in Singapore under the brand “**Nipong Naepong**” which is specialised in offering Korean fusion noodles.

The Group has also expanded its food ingredients trading business in Shenzhen and commenced substantive plans for cooperation in catering services. It is believed to become as a major source of income for the Group in the foreseeable future.

With a management team having capabilities and experience, the Group is optimistic in our operations in the coming years as we are implementing the following measures. Firstly, we are still striving to focus on the existing brands under franchise model which we believe to have greater growth potential and adding multiple (Singapore) collaborations to maintain our market position. Besides, we devote more resources on exploring new business opportunities in order to aim to develop our market position in other regions, such as Hong Kong Special Administrative Region (“**HKSAR**”) and the People's Republic of China (“**PRC**”).

## Chairman's Statement (Continued)

Looking forward, the Group intends to extend the restaurant network to HKSAR and PRC. Along with (i) the development of the Guangdong-Hong Kong-Macao Greater Bay Area; (ii) HKSAR Government actively encourages tourists to visit HKSAR; and (iii) the trend of cross-border consumption of Hong Kong citizens for shopping in the PRC, they offer opportunities for the Group to increase the revenue stream. The Group plans to (i) operate restaurants which are specialized in offering Chinese hotpot, fast food, Japanese, and Western cuisines in the Guangdong-Hong Kong-Macao Greater Bay Area; (ii) rebrand the existing restaurants to align with the evolving food trends in 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**"). For instance, since the affordable and high-quality food and beverage projects have increasingly become popular among Hong Kong citizens in recent years, the Group is planning to develop Hong Kong-style restaurants in densely populated areas, such as Tuen Mun, Yuen Long, Tin Shui Wai, Sham Shui Po, and Cheung Sha Wan. This responses to the HKSAR government's efforts in promoting the development of the Northern Metropolitan and the redevelopment of old districts in recent years.

According to the announcement of the Company dated 12 January 2024, the Company entered into a memorandum of understanding with Guangzhou Bluestone Information Technology Company Limited to vigorously develop the tea beverage business in the PRC. The Group is under negotiating with a number of potential partners for development of food and beverage brands and will make announcements to shareholders when the details of cooperation are finalized. Bouncing back from the impacts of COVID-19 pandemic, we believe the Group will regain the market share in the coming year in order to contribute our shareholders for their continuous support to the Group.

### 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.

#### Li Junjian

*Chairman and Executive Director*

Singapore, 19 January 2024

# 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 mainly offers Korean cuisines with casual dining concepts that target the middle-income mass market in Singapore and Malaysia. The Group seeks to bring quality food to its customers in an authentic manner.

As at 31 August 2023, the Group had 3 self-operated restaurants, including:

- one restaurant in Singapore under the brand “Chir Chir” pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean fried chicken dish restaurant chain;
- one restaurant 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; and
- one restaurant 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.

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	Kota Zheng Zhong	The Chir Café + Bar	Total
As at 31 August 2022	2	2	2	2	2	1	11
Closure	(1) <i>(Note 1)</i>	(1) <i>(Note 2)</i>	(2) <i>(Note 3)</i>	(1) <i>(Note 4)</i>	(2) <i>(Note 5)</i>	(1) <i>(Note 6)</i>	(8)
As at 31 August 2023	<u>1</u>	<u>1</u>	<u>–</u>	<u>1</u>	<u>–</u>	<u>–</u>	<u>3</u>

### Notes:

1. On 30 September 2022, the Group ceased operation of a self-operated restaurant under the brand “Chir Chir” which located at 200 Victoria Street, Singapore 188021 #02-50 because of its decline in operating results.
2. On 31 May 2023, the Group ceased operation of a self-operated restaurant under the brand “Masizzim”, which is located at 3 Gateway Drive, Singapore 608532 because of its decline in operating results.
3. On 30 September 2022 and 7 July 2023, the Group ceased operation of two self-operated restaurants under the brand “Kogane Yama” which located at 200 Victoria Street, Singapore 188021 #02-50 and #01-16 JEM, 50 Jurong Gateway Road, Singapore 608549 respectively because of their decline in operating results.
4. On 7 July 2023, the Group ceased operation of a self-operated restaurant under the brand “Nipong Naepong”, which is located at #01-16 JEM, 50 Jurong Gateway Road, Singapore 608549 because of its decline in operating results.



# Management Discussion and Analysis (Continued)

## Business Review (Continued)

Notes: (Continued)

- On 9 October 2022 and 28 February 2023, the Group ceased operation of two self-operated restaurants under the brand “Kota Zheng Zhong” which located at 15A Lorong Liput and 68 Serangoon Garden Way respectively because of their decline in operating results.
- On 22 February 2023, the Group ceased operation of a self-operated restaurant under the brand “The Chir Café and Bar” which located at 26A/26c Lorong Mambung Holland Village because of its decline in operating results.

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 extend the restaurant network to HKSAR and PRC. The Group plans to (i) operate restaurants which are specialized in offering Chinese hotpot, fast food, Japanese, and Western cuisines in the Guangdong-Hong Kong-Macao Greater Bay Area; (ii) rebrand the existing restaurants to align with the evolving food trends in Singapore; and (iii) develop more restaurant brands and continue to strengthen its regional presence, marketing efforts and information technology system.

## Financial Review

### Revenue

The Group’s revenue was mainly generated from (i) restaurant operations; and (ii) sales of food ingredients. The table below sets forth the Group’s revenue breakdown by nature for the Year and Year 2022.

	2023		2022	
	SGD’000	%	SGD’000	%
Restaurant operations	5,883	99.1	13,305	99.9
Sales of food ingredients	53	0.9	16	0.1
Total	5,936	100.0	13,321	100.0

## Financial Review (Continued)

### Revenue (Continued)

#### Restaurant operations

The majority of the revenue was derived from the operations of self-operated restaurants in Singapore. For Year 2022 and the Year, the revenue generated from restaurant operations amounted to approximately SGD13.3 million and SGD5.9 million, respectively, representing a decrease of approximately 55.6% from Year 2022 to the Year.

The decrease was mainly attributable to the drop in demand and influx of diners, change in consumers' preference, and increase in the number of new competitors. The entrance of new competitors in restaurant business results in a drop in customers' demand towards the Group's restaurants. High competition in business decreases the Group's market share and affects the Group's revenue from restaurant operations accordingly. The shops that were closed during the Year and their respective closure dates are as follows,

Chir Chir – 30 September 2022

Masizzim – 31 May 2023

Kogane Yama – 30 September 2022 and 7 July 2023

Nipong Naepong – 7 July 2023

Kota Zheng Zhong – 9 October 2022 and 28 February 2023

The Chir Café + Bar – 22 February 2023

#### Sales of food ingredients

Revenue from sales of food ingredients mainly represented revenue from 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 sales of food ingredients increased from approximately SGD16,000 for Year 2022 to approximately SGD53,000 for the Year. The increase was mainly attributable to the sales of restaurant sauces and prepared ingredients by the restaurants to external parties. However, the operation of Gangnam Kitchen closed on 30 April 2023, thus, the revenue from sales of food ingredients for the Year only covered the period from 1 September 2022 to 30 April 2023.

# Management Discussion and Analysis (Continued)

## Financial Review (Continued)

### 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. Cost of inventories consumed decreased from approximately SGD3.4 million for Year 2022 to approximately SGD1.4 million for the Year, representing a decrease of approximately 58.8% as compared to that of Year 2022. During the Year, the decrease in cost of inventories consumed is directly proportional to the decrease in revenue.

### Gross profit and gross profit margin

The gross profit of the Group decreased from approximately SGD9.9 million for Year 2022 to approximately SGD4.5 million for the Year with stably gross profit margin at 74.4% and 76.2% respectively.

### Other gains/(losses), net

Other gains/(losses), net, increased from losses of approximately SGD36,000 for Year 2022 to gains of approximately SGD274,000 for the Year. The increase was mainly attributable to decrease in impairment loss on plant and equipment, right-of-use assets and intangible assets from approximately SGD1,023,000 for Year 2022 to SGD311,000 for the Year, and increase in gains on termination of leases by SGD192,000 for the Year. The increase in other gains/(losses), net was offset by the drop in government grants from approximately SGD469,000 for Year 2022 to SGD102,000 for the Year.

### Staff costs

Staff costs primarily consisted of the Directors' remuneration, salaries and allowances and retirement benefit contributions. Staff costs decrease from approximately SGD5.1 million for the Year 2022 to approximately SGD3.3 million for the Year.

The following table sets forth the breakdown of the Group's staff costs for the Year and Year 2022:

	2023 SGD'000	2022 SGD'000
Directors' remuneration	266	438
Salaries and allowances	2,861	4,302
Retirement benefit contributions	177	357
Total	3,304	5,097

The decrease was mainly attributable to (i) pay cut policy implemented across all level; (ii) restructuring of the remuneration package of operation staff; (iii) reduction in manpower; and (iv) cessation of operation of 8 self-operated restaurants.

## Financial Review (Continued)

### Depreciation and amortisation

Depreciation and amortisation decreased from approximately SGD2.0 million for Year 2022 to approximately SGD0.9 million for the Year, representing a decrease of approximately 55.0% as compared to those of Year 2022. The decrease was mainly attributable to decrease in depreciation charges of plant and equipment and right-of-use assets. Furthermore, the cessation of operation of 8 self-operated restaurants in the Year causes the written off of plant and equipment, resulting in no further depreciation provided.

### 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 SGD2.4 million for Year 2022 to approximately SGD1.1 million for the Year, representing a decrease of approximately 54.2% as compared to those of Year 2022. The decrease in rental and related expenses was mainly attributable to the lease termination by 8 self-operated restaurants during the Year; offset by an increase in office rental.

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

	2023 SGD'000	2022 SGD'000
Depreciation of right-of-use assets	550	1,193
Lease payments not included in the measurement of lease liabilities	296	476
Impairment loss on right-of-use assets	223	349
Interest on lease liabilities	63	351
Total	<b>1,132</b>	2,369

### Other operating expenses

The other operating expenses primarily consisted of service fee paid to third party delivery platforms, credit card commissions, cleaning expenses, legal and professional fees, travelling expenses, and other miscellaneous administrative expenses. Other operating expenses decreased from approximately SGD2.8 million for Year 2022 to approximately SGD1.5 million for the Year, representing a decrease of approximately 46.4% as compared to those of Year 2022. The decrease was in line with the cessation of operation of 8 self-operated restaurants during the Year.

### Finance costs

The finance costs primarily consisted of interest expenses on other borrowings, lease liabilities and trust receipt loans. Finance costs decreased from approximately SGD738,000 for Year 2022 to approximately SGD178,000 for the Year, representing a decrease of approximately 75.9%. The decrease was mainly arising from the decrease in the interests on other borrowings and lease liabilities.

# Management Discussion and Analysis (Continued)

## Financial Review (Continued)

### Loss for the Year

The Group recorded a loss of approximately SGD2.4 million for the Year (2022: SGD2.6 million). Such decrease in loss was mainly attributable to (i) decrease in gross profit; (ii) decrease in staff costs; (iii) decrease in other operating expenses; (iv) decrease in the impairment loss on plant and equipment, right-of-use assets and intangible assets; and (v) decrease in depreciation and amortisation in the Year as detailed above.

### Liquidity and Financial Resources

The Group's current ratio was 0.2 as at 31 August 2023 (2022: 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 2023, the Group's gearing ratio was -9.1% (2022: -10.0%). 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 and interest-bearing 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 2023, the Group's total borrowings amounted to approximately SGD677,000 (2022: SGD562,000) which included term loans (2022: term 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 2023 (2022: 48%). 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 SGD5.8 million (2022: SGD7.2 million) and net liabilities of approximately SGD8.4 million (2022: SGD6.5 million) as at 31 August 2023. The net liabilities was mainly due to loss incurred for the Year arising from the drop in demand and influx of diners. 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) obtaining a revolving loan facilities of HK\$65,000,000 (equivalent to SGD11,190,000 as at 31 August 2023) from an independent third party which is effective from 15 December 2023 to 31 January 2025. During the contracted period, the Group is able to draw the loan amount at anytime with a 2-days notice period; (ii) having regard to expand the operations by acquiring profitable restaurants in other regions, such as in HKSAR or in the PRC, seek other premises in Singapore and has plans to rebrand its existing restaurants to align with the evolving food trends in Singapore and generate increased customer demand; (iii) having under negotiation with the lender to extend the repayment period for the outstanding borrowings of SGD677,000; and (iv) implementing stringent expense controls as a continuous effort to manage costs effectively and optimize operational efficiency.

### Capital Structure

The Company's issued shares were successfully listed on GEM of the Stock Exchange on 13 August 2018. As at 31 August 2023, the total number of issued ordinary Shares was 52,800,000 with a par value of HK\$0.1 each (31 August 2022: 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.

On 12 July 2023, the Company entered into the placing agreement with the placing agent, pursuant to which, the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 8,800,000 placing shares to one or more placee(s) at the placing price of HK\$0.282 per placing share (the "**Placing**"). The Directors consider that the placing represents an opportunity to raise additional funding for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group. The placing shares rank pari passu with the existing shares in all respects. The aggregate nominal value of the placing shares will be HK\$880,000. The net proceeds from the Placing (after deducting the relevant expenses) are approximately SGD411,000 (equivalent to HK\$2.4 million). The net price to the Company of each placing share is approximately HK\$0.271 per placing share. The placing price of HK\$0.282 per placing share, which represents (a) a discount of approximately 13.2% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on 12 July 2023, being the date of the placing agreement; and (b) a discount of approximately 15.3% to the average closing price per Share of HK\$0.333 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 11 July 2023, being the date immediately preceding the date of the Placing Agreement. The Company intends to use the net proceeds from the Placing as general working capital of the Group. The placing was completed on 26 July 2023 and 8,800,000 placing shares were allotted to one placee, Team One Global Limited, a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The placee is wholly and beneficially owned by Mr. Leung Ho Ka ("**Mr. Leung**"). Mr. Leung is a merchant resides in Hong Kong and has over 10 years of experience in management and investment, of which 5 years was focus on investment in food and beverage industry and restaurant management of various styles of cuisine. He has been investing in certain listed securities in Hong Kong such as AM Group Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1849) and IAG Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 8513), shareholding of which are both less than 5% as at 26 July 2023, i.e. the completion date of Placing.

As at the date of this report, the net proceeds of the Placing were fully utilized.

Further details are set out in the Company's announcements dated 12 July 2023 and 26 July 2023.

The capital structure of the Group comprises of issued share capital and reserves.

## Management Discussion and Analysis (Continued)

### The Proposed Change of Company Name

The Board proposes to change the English name of the Company from “K GROUP HOLDINGS LIMITED” to “E-STATION GREEN TECHNOLOGY GROUP CO., LIMITED” and to adopt the Chinese name “易站綠色科技集團有限公司” as the dual foreign name in Chinese of the Company in place of the existing Chinese name “千盛集團控股有限公司” (the “**Proposed Change of Company Name**”). The Proposed Change of Company Name is subject to the fulfilment of the conditions as set out in the paragraph headed “Conditions for the Proposed Change of Company Name” in the announcement of the Company dated 26 July 2023. A general meeting of the Company will be convened and held for the purposes of considering and, if thought fit, approving the Proposed Change of Company Name.

### 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;
- The Group may face intense competition from our competitors in the restaurant and catering market; 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 2023, the Group did not have any capital commitments (2022: Nil).

## Future Plans for Material Investments or Capital Assets

Save as disclosed in this annual report, the Group has no concrete plan for future investments or acquisition of capital assets in place as at the date of this annual report.

## Contingent Liabilities and Pledge of Assets

As at 31 August 2023, the Group did not have any significant contingent liabilities and pledge of assets (2022: Nil).



# Biographical Information of Directors and Senior Management

## Executive Directors

**Mr. Li Junjian (“Mr. Li”)**, aged 63, was appointed as an executive Director (the “ED”) on 25 July 2023 and appointed as the chairman of the Board (the “Chairman”) on 13 December 2023. He obtained a completion certificate for special training program for Chinese language (中文專修科) from Hangzhou University in 1988. He further pursued postgraduate study of Philosophy of Science and Technology (Contemporary Technology and Economic Management) in Zhejiang University and obtained completion certificate in 2000. Currently, he is the director of 易站綠色科技集團有限公司 (E-station Green Technology Group Limited\*) which is principally engaged in provision of resource recycling technical consultation service in China. Besides, he has over 20 years of working experience in various China government departments, including Supervision Bureau of Yuhuan City, Zhejiang Province. He is familiar with and has a thorough understanding of Mainland China’s governmental matters.

**Mr. Chiang Ming Chun (“Mr. Chiang”)** (whose former name was Chiang Kai Leung), aged 51, was appointed as ED and vice-chairman 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\* (郎朗音樂人生分享會籌委會).

**Mr. Yeap Wei Han, Melvyn (“Mr. Yeap”)**, aged 40, is a co-founder of the Group, the chief financial officer (the “CFO”) and an ED. Mr. Yeap is responsible for overseeing the financial matters of the Group. He was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Yeap is currently a director of K Food Holdings, K Bright and K Wealth.

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

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

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

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

### Non-Executive Director

**Mr. Su Shiyi (“Mr. Su”)**, aged 32, was appointed as a non-executive Director on 27 October 2023. He graduated from Beijing Institute of Business (北京工商學院) with a bachelor degree in computer application in 2011 and obtains a master degree in business administration from Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in 2013. In October 2013, he won the third prize in the 2nd China Innovation and Entrepreneurship in Henan Division (中國創新創業大賽河南賽區) and 5th “National University Science and Technology Park Cup” Science and Technology Innovation Competition (“國家大學科技園杯”科技創新大賽). In addition, he won the excellence award in the enterprise group in 3rd China Innovation and Entrepreneurship in Henan Division for the company he was working for at the time in 2014. He is experienced in corporate management and has in-depth knowledge in the field of technology innovation. From April 2016 to July 2018, he was the general manager of a development company in Henan. From August 2018 to March 2020, he was the deputy general manager of a technology company in Henan. Currently, he is the associate head of a science and technology research institute in Beijing.

### Independent Non-Executive Directors

**Mr. Lee Ming Yeung, Michael (“Mr. Lee”)**, aged 30, was appointed as INED on 15 December 2021. Mr. Lee is the chairman of the remuneration committee of the Board (the “**RC**”) and a member of each of the audit committee of the Board (the “**AC**”) and the nomination committee of the Board (the “**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 was the non-executive director of Amuse Group Holdings Limited (Stock Code: 8545) from 30 September 2021 to 11 August 2023, a company whose shares are listed on the GEM of the Stock Exchange.

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

### Independent Non-Executive Directors (Continued)

**Mr. Chau Wing Nam (“Mr. Chau”)**, aged 36, 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. He is currently an independent non-executive director of Mobile Internet (China) Holdings Limited (Stock Code: 1439), a company listed on Main Board of the Stock Exchange, since February 2023 and an independent non-executive director of China Bozza Development Holdings Limited (Stock Code: 1069), a company listed on Main Board of the Stock Exchange, since August 2023.

**Mr. Lei Xiongpeng (“Mr. Lei”)**, aged 58, was appointed as an independent non-executive Director on 14 September 2023. He is the chairman of NC and a member of each of AC and RC. He completed a diploma in industrial and civil construction at Department of Architectural Engineering of South China Institute of Technology (華南工學院, currently known as South China University of Technology (華南理工大學)) in Guangdong Province, the PRC in 1987. He has over 10 years of experience in construction engineering management. He served as a technician of a construction engineering company in Zhongshan District from August 1987 to October 1996, during which he was responsible for drafting construction organization design, specialized construction plans, technical measures, and supervise their implementation. He served as technical director of a property management company in Guangdong province from March 1997 to March 2016, during which he was responsible for engineering and technical consultation. Currently he is a property construction engineering consultant for a real estate property management company in Zhongshan District. From October 2020 to July 2021, he was an independent non-executive director of Hon Corporation Limited, the issued shares of which were delisted on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 22 June 2022.

### Senior Management

**Mr. Lai Weijie, Terence (“Mr. Terence Lai”)**, aged 42, 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 39, 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 40, 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 31, 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 47, 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.

### 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.

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 2023 (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 C1 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.

# Corporate Governance Report (Continued)

## 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. Li Junjian (*Chairman*) (appointed on 25 July 2023 and appointed as chairman on 13 December 2023)  
Mr. Chiang Ming Chun (*Vice-Chairman*)  
Mr. Yeap Wei Han, Melvyn (*Chief Financial Officer*)  
Ms. Wong Pui Kei Peggy

### Non-Executive Director

Mr. Su Shiyi (appointed on 27 October 2023)

### Independent Non-Executive Directors

Mr. Chau Wing Nam  
Mr. Lee Ming Yeung Michael  
Mr. Lei Xiongpeng (appointed on 14 September 2023)

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.

## 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.



# Corporate Governance Report (Continued)

## 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 28 February 2023 is set out in the table below:

Name of Director	Attendance/Number of Meetings					
	Board	AGM	EGM	Audit Committee	Nomination Committee	Remuneration Committee
Mr. Zhou Junqi (resigned on 13 December 2023)	11/11	1/1	1/1	NA	NA	NA
Mr. Li Junjian (appointed on 25 July 2023)	1/1	NA	NA	NA	NA	NA
Mr. Chiang Ming Chun (appointed on 31 October 2022)	2/8	1/1	NA	NA	NA	NA
Mr. Yeap Wei Han, Melvyn	3/11	1/1	1/1	NA	NA	NA
Ms. Wong Pui Kei Peggy	11/11	1/1	1/1	NA	NA	NA
Mr. Xie Jianlong (retired on 28 February 2023)	0/5	0/1	0/1	NA	NA	NA
Mr. Su Shiyi (appointed on 27 October 2023)	NA	NA	NA	NA	NA	NA
Mr. Liu Junjie (removed on 27 October 2022)	0/2	NA	0/1	NA	NA	NA
Mr. Lee Ming Yeung, Michael	9/11	1/1	1/1	4/5	3/3	3/3
Mr. Chau Wing Nam	11/11	1/1	1/1	5/5	3/3	3/3
Mr. Lei Xiongpeng (appointed on 14 September 2023)	NA	NA	NA	NA	NA	NA
Mr. Law Chung Lam, Nelson (resigned on 1 June 2023)	6/8	1/1	1/1	4/4	1/2	1/2

## Board of Directors (Continued)

### Meetings of the Board and the Shareholders and Directors' Attendance Records (Continued)

During the year ended 31 August 2023, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three independent non-executive Directors representing at least one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular meetings;
- annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

### Board Diversity Policy

The Board has adopted a "Board Diversity Policy" (the "**Policy**") which sets out the approach to achieve diversity on the Board and the Nomination Committee is responsible for monitoring the implementation of the Policy. In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Policy, including but not limited to gender, age, cultural and educational background, or professional experience etc. The Nomination Committee will discuss any revisions which may be required, and recommend any such revisions to the Board for consideration and approval.

The Board will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness. The Group will also ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company; and will continue to apply the principle of appointments based on merits with reference to the Policy as a whole.

# Corporate Governance Report (Continued)

## Board of Directors (Continued)

### Board Diversity Policy (Continued)

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. The employee gender ratio of the Group as at 31 August 2023 is 57 male: 43 female. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce. The Board considers that the gender ratio in the workforce (including senior management) is satisfactory. Yet, the Group will still (i) periodically review internal records on gender diversity; (ii) identify suitable female candidates for relevant positions within the Company; and (iii) try to ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company.

The Board currently comprises of 8 Directors, one of which are female. The Board is currently of the opinion that it generally meets the diversity requirements under the GEM Listing Rules. Yet, the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness.

During the year ended 31 August 2023, the Nomination Committee has reviewed the independence of the independent non-executive Directors, to consider the qualifications of the retiring directors standing for election at the 2023 annual general meeting, to review the structure, size and composition of the Board and to review the Policy. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

## 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 three members, namely Mr. Chau, Mr. Lei and Mr. Lee. The Audit Committee comprises all the INEDs and Mr. Chau is the chairman of the Audit Committee.

## Board Committees (Continued)

### Audit Committee (Continued)

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

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

# Corporate Governance Report (Continued)

## Board Committees (Continued)

### Audit Committee (Continued)

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

## Board Committees (Continued)

### Audit Committee (Continued)

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

- approved TARGET CPA LIMITED as the auditor of the Group and the corresponding audit plan;
- reviewed the financial statements for the year ended 31 August 2022, three months ended 30 November 2022, six months ended 28 February 2023 and nine months ended 31 May 2023;
- 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 2023 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. Lei 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 C1 to the GEM Listing Rules), including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board on the remuneration packages of all executive Directors and Senior Management;
- making recommendations to the Board on the remuneration of the NEDs;
- reviewing and approving management's remuneration proposals by reference to corporate goals and objectives resolved by the Board from time to time;

## Board Committees (Continued)

### Remuneration Committee (Continued)

- reviewing and approving the remuneration payable to the executive Directors and the Senior Management in connection with any loss or termination of their office or appointment to ensure that such remuneration is determined in accordance with relevant contractual terms and that such remuneration is otherwise fair and not excessive for the Company;
- reviewing and approving the compensation arrangements relating to the dismissal or removal of the Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any remuneration payment is otherwise reasonable and appropriate;
- reviewing and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules;
- 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 three meetings on 28 October 2022, 15 December 2022 and 25 July 2023, amongst other matters, reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and the Senior Management, 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 and reviewed the Share Option Scheme. Each of the Directors who are the chairman or members of the Remuneration Committee attended the above meeting in the relevant capacity.

### Nomination Committee

The Nomination Committee was established on 23 July 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. The Nomination Committee comprises all the INEDs, namely Mr. Lei, Mr. Chau and Mr. Lee. Mr. Lei 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 three meetings on 28 October 2022, 15 December 2022 and 25 July 2023 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 and appointment of new Directors. Each of the Directors who are the chairman or members of the Nomination Committee attended the above meeting in the relevant capacity.

### Procedure and Process for Nomination of Directors

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

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



# 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 EDs and non-executive Director has entered into a service contract with the Company and each of the INEDs has signed a letter of appointment with the Company. The service contracts with each of the ED and non-executive Director and the letters of appointment with each of the INEDs are for a term of three years commencing from the date of the service contracts and letters of appointment. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable GEM Listing Rules.

## 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 annual 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	3

# 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, TARGET CPA LIMITED (“TARGET”), is set out as follows:

Description of services performed	Fee paid/ payable SGD'000
Audit Services	121

On 17 October 2022, D & PARTNERS CPA LIMITED, 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. TARGET were appointed as the Company's auditor on 8 November 2023 to fill the casual vacancy arising from the resignation of D & PARTNERS CPA LIMITED on 8 November 2023. 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 TARGET.

## 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, TARGET has stated its reporting responsibilities on the consolidated financial statements in the “Independent Auditor's Report” included in this annual report.

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

As described under section headed "Basis for Disclaimer of Opinion" ("**Audit Modification**") of the "Independent Auditor's Report", which indicates that the Group incurred loss attributable to the owners of the parent of the Company of SGD2,317,000 for the year ended 31 August 2023. As at the same date, the Group had net current liabilities and net liabilities of SGD5,826,000 and SGD 8,404,000 as compared to its cash and bank balances of SGD234,000. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability 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 validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures. The directors believe that, taking into account the above measures, the Group will have sufficient working capital to satisfy its present requirements for at least next 18 months from the end of reporting period. However, the auditor was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

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

- (i) obtaining a revolving loan facilities of HK\$65,000,000 (equivalent to SGD11,190,000 as at 31 August 2023) from an independent third party which is effective from 15 December 2023 to 31 January 2025. During the contracted period, the Group is able to draw the loan amount at anytime with a 2-days notice period;
- (ii) having regard to expand the operations by acquiring profitable restaurants in other regions, such as HKSAR or in the PRC, seek other premises in Singapore and has plans to rebrand its existing restaurants to align with the evolving food trends in Singapore and generate increased customer demand;
- (iii) having under negotiation with the lender to extend the repayment period for the outstanding borrowings of SGD677,000; and
- (iv) implementing stringent expense controls as a continuous effort to manage costs effectively and optimize operational efficiency.

### Removal of the Audit Modification

The management considered that the proposed measures mentioned above, if successful, could improve the Group's liquidity and therefore could help to address the Audit Modification. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 August 2024 has to take into consideration of the future conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether the Audit Modification can be removed in the next financial year purely based on the Company's measures above.

### Risk Management and Internal Control

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

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

## Disclosure of Inside Information

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

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

## Company Secretary

The 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, he has 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.

## Shareholders' Rights (Continued)

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

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.

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 [info@kgroups.com.hk](mailto:info@kgroups.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 shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company. The Company has established several channels to communicate with the shareholders as follows:

- (i) Corporate communications such as annual reports, interim reports, quarterly reports and circulars are issued in printed form and are available on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.kgroup.com.hk](http://www.kgroup.com.hk);
- (ii) Periodic announcements are published on the websites of the Stock Exchange and the Company;
- (iii) Corporate information is made available on the Company's website; and
- (iv) Annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management.

The Company is dedicated to promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

The Company has reviewed the implementation and effectiveness of the shareholder communication policy during the year ended 31 August 2023 and conclude that it is effective because some minority shareholders have personally approached the company and for relevant news.

## Whistleblowing Policy

The whistleblowing policy has been put in place for all employees and those who have business dealings with the Group (including customers and suppliers) to deal with concerns related to fraudulent or unethical acts or non-compliances with laws and the Group's policies that have or could have significant adverse financial, legal or reputational impacts on the Group. They may raise concerns about the possible improprieties in any matters related to the Group, in person or in writing to the company secretary of the Company who shall report to the chairman of the Audit Committee in confidence and anonymity. The chairman of the Audit Committee shall then determine the course of action to pursue, with power to delegate, with respect to the report.



# Corporate Governance Report (Continued)

## Anti-Corruption Policy

The Group has formulated its own anti-corruption policy to ensure the Directors and employees within the Group comply with the Hong Kong Prevention of Bribery Ordinance, the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC, where applicable. The policy sets out the integrity and conduct requirements and policies or controls in place which applies to all Directors and employees of the Group at all levels, and external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g., agents, consultants and contractors). The policy is reviewed from time to time to ensure that it remains appropriate.

## Constitutional Documents

During the year ended 31 August 2023, the amended and restated Memorandum and Articles of Association was adopted by the shareholders of the Company in the annual general meeting of the Company held on 28 February 2023 in order to (i) conform to the Core Standards set out in Appendix 3 of the GEM Listing Rules; (ii) allowing the Company to hold hybrid and electronic meetings; and (iii) reflecting certain updates in relation to the applicable laws of the Cayman Islands and the GEM Listing Rules and make other housekeeping amendments. An up-to-date version of the Company's Memorandum and Articles of Association is also available on the Company's website and the Stock Exchange's website.

## Changes in the Information of Directors Pursuant to Rule 17.50A(1) of the GEM Listing Rules

Save as disclosed in this report, the Company is not aware of any other change in Directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the publication of 2023 interim report of the Company and up to the date of this 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 89 to 94 of this annual report.

The Board has resolved not to declare the payment of a final dividend for the Year (2022: 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 15 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 15 and "Corporate Governance Report" on pages 21 to 40. 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 150 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.

## Directors' Report (Continued)

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 (2022: 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 2023 are set out in Note 22 to the consolidated financial statements.

### Interest Capitalised

The Group has not capitalised any interest during the Year (2022: Nil).

### Share Capital

Details of the Company's share capital is set out in Note 25 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 92 and in Note 32 to the consolidated financial statements, respectively.

### Distributable Reserves

Under the Companies Law of the Cayman Islands, the Company may pay dividends out of the profit or the share premium account in accordance with the provisions of Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, the Company remains able to pay the debts as and when they fall due in the ordinary course of business. As at 31 August 2023, 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. Li Junjian (*Chairman*) (appointed on 25 July 2023 and appointed as chairman on 13 December 2023)

Mr. Zhou Junqi (*Chairman*) (resigned on 13 December 2023)

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 (retired on 28 February 2023)

#### Non-executive Director

Mr. Su Shiyi (appointed on 27 October 2023)

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

#### INEDs

Mr. Lee Ming Yeung, Michael

Mr. Chau Wing Nam

Mr. Lei Xiongpeng (appointed on 14 September 2023)

Mr. Law Chung Lam, Nelson (resigned on 1 June 2023)

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. Li, who was appointed on 25 July 2023, Mr. Su, who was appointed on 27 October 2023, and Mr. Lei, who was appointed on 14 September 2023, shall hold office of Director until the forthcoming AGM. Mr. Li, Mr. Su and Mr. Lei, being eligible, will offer themselves for re-election as a Director at the AGM.

## Directors' Report (Continued)

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.

Ms. Wong and Mr. Lee will retire at the 2024 AGM and all of them, being eligible, will offer themselves for re-election at the 2024 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 EDs and non-executive Director has entered into a service contract with the Company and each of the INEDs has signed a letter of appointment with the Company. The service contracts with each of the ED and non-executive Director and the letters of appointment with each of the INEDs are for a term of three years commencing from the date of the service contracts and letters of appointment. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable GEM Listing Rules.

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 16 to 20 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 29 to the consolidated financial statements, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director, controlling shareholders (as defined in the GEM Listing Rules) of the Company and of their subsidiaries and their respective connected entities had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

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

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

### Management Contracts

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

### Directors' 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' Report (Continued)

### 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 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### (i) Long position in the Shares

Name of Directors/ Chief executive	Capacity/Nature of interest	Number of Shares/ underlying Shares interested (Note 1)	Approximate percentage of the Company's issued Shares*
Mr. Yeap (Note 2)	Interest held jointly with another person	3,049,900	5.78%
Mr. Li	Beneficial owner	2,200,000	4.17%

#### 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 52,800,000 as at 31 August 2023.

## 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:*

- All interests stated are long positions.
- 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 2023, 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.



## Directors' Report (Continued)

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

As at 31 August 2023, 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	3,049,900	5.78%
Ms. Ong Hui Hui (" <b>Ms. Ong</b> ") <small>(Note 2)</small>	Interest of spouse	3,049,900	5.78%
Ms. Teo Yan Qi Sharon (" <b>Ms. Teo</b> ") <small>(Note 3)</small>	Interest of spouse	3,049,900	5.78%
Mr. Terence Lai <small>(Note 4)</small>	Interest held jointly with another person	3,049,900	5.78%
Mr. Tan <small>(Note 4)</small>	Interest held jointly with another person	3,049,900	5.78%
Mr. Ng <small>(Note 4)</small>	Interest held jointly with another person	3,049,900	5.78%
Mr. Derek Lai <small>(Note 4)</small>	Interest held jointly with another person	3,049,900	5.78%
Mr. Ho <small>(Note 4)</small>	Interest held jointly with another person	3,049,900	5.78%
Fast Glory Group Limited	Beneficial owner	3,168,500	6.00%
Team One Global Limited <small>(Note 5)</small>	Beneficial owner	8,800,000	16.67%
STAR HAPPY INTERNATIONAL LIMITED <small>(Note 5)</small>	Interest of controlled corporation	8,800,000	16.67%
Leung Ho Ka <small>(Note 5)</small>	Interest of controlled corporation	8,800,000	16.67%

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

### Long position in the Shares (Continued)

*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.
- Team One Global Limited is wholly owned by STAR HAPPY INTERNATIONAL LIMITED, which in turn is legally and beneficially wholly owned by Mr. Leung Ho Ka. Therefore STAR HAPPY INTERNATIONAL LIMITED and Mr. Leung Ho Ka is deemed to be interested in the Shares in which Team One Global Limited is interested under the SFO.

### 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) <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. Peh	Kogane Yama Restaurants Pte. Ltd.	Beneficial owner	80,400	40%
Jaesan Food Holdings <i>(Note 2)</i>	K Food Master Holdings Sdn. Bhd.	Beneficial owner	200,000	40%
Southern Enterprise <i>(Note 3)</i>	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.

## 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 (Continued)

Save as disclosed above, as at 31 August 2023, 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 31 August 2023. Therefore, no share options lapsed or were exercised or cancelled during the Year, and there were no outstanding share options as at 31 August 2023. The number of share options available for grant under the Share Option Scheme as at 1 September 2022 and 31 August 2023 was 40,000,000 and 4,000,000 (adjusted to take into effect of the share consolidation with effect from 21 October 2022) respectively.

On 20 September 2023, the Company granted 2,112,000 share options to eligible persons to subscribe for a total of 2,112,000 new ordinary shares of HK\$0.1 each in the share capital of the Company under the share option scheme adopted by the Company, subject to the acceptance of the grantees. The share options accepted by the grantees entitle the holders thereof to subscribe for the new ordinary shares of the Company at the subscription price of HK\$0.320 per share. For details, please refer to the Company's announcement dated 20 September 2023 and 21 September 2023. The Options shall be valid for 5 years commencing from the date of grant, 100% of the Options will be vested on, and exercisable from the date of grant.

Details of the grant is as follows:

Name of grantees	Position in the Group	Number of Options granted
Mr. Zhou Junqi <i>(Note)</i>	Former Executive Director and Chairman of the Board	528,000
Ms. Wong Pui Kei Peggy	Executive Director	528,000
Options granted to the employees of the Group		1,056,000

*Note:* Mr. Zhou Junqi resigned as executive Director on 13 December 2023.

### Share Option Scheme (Continued)

On 27 October 2023, the Company granted 1,888,000 share options to eligible persons of the Group to subscribe for a total of 1,888,000 new ordinary shares of HK\$0.1 each in the share capital of the Company under the share option scheme adopted by the Company, subject to the acceptance of the grantees. The share options accepted by the grantees entitle the holders thereof to subscribe for the new ordinary shares of the Company at the subscription price of HK\$0.319 per share. All the grantees are employees of the Group. For details, please refer to the Company's announcement dated 27 October 2023. The Options shall be valid for 5 years commencing from the date of grant, 100% of the Options will be vested on, and exercisable from the date of grant.

The Board and the remuneration committee of the Board are of the view that a vesting period of the option granted is shorter than 12 months or no vesting period, as the case may be, is appropriate considering that the grants of the options serve as a recognition of the grantees' past contribution to the Group and as an incentive to the grantees to continuous contribution to the development of the Group.

4,000,000 shares were exercised up to the date of this annual report. As at the date of this annual report, the total number of shares of the Company available for issue under the Share Option Scheme was nil.

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.

#### 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.

### Share Option Scheme (Continued)

#### 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 10% of all our Shares in issue as at the Listing Date. As at the date of this annual report, the maximum number of Shares underlying all grants to be made pursuant to the Share Option Scheme was nil.

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.

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.

## Share Option Scheme (Continued)

### Maximum entitlement of each participant (Continued)

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.

### 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.

The Share Option Scheme has a remaining life of approximately 4.5 years as at the date of this annual report.

## 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.

## Directors' Report (Continued)

### 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. The rights issue was terminated on 19 April 2023. For more details, please refer to the announcements of the Company dated 18 May 2022 and 19 April 2023, the circular of the Company dated 28 September 2022 and the prospectus of the Company dated 31 March 2023.

On 12 July 2023, the Company entered into the placing agreement with the placing agent, pursuant to which, the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 8,800,000 placing shares to one or more placee(s) at the placing price of HK\$0.282 per placing share. The placing was completed on 26 July 2023. Further details are set out in the Company's announcements dated 12 July 2023 and 26 July 2023.

Save as disclosed above and in this report, there were no fund-raising activities conducted by the Company during the Year.

### 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 52% of the Group's total purchases of raw materials and consumables consumed. During the Year, purchases from the Group's largest supplier accounted for 18% of the Group's total purchases of raw materials and consumables. Save as disclosed above, none of the Directors, their respective associates, or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued Shares) had any significant beneficial interest in the major customers and suppliers disclosed above.

### Related Party Transactions and Connected Transactions

Details of the related party transactions entered into by the Group during the Year are set out in Note 29 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 21 to 40 of this annual report.

### Sufficiency of Public Float

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

### Permitted Indemnity Provision

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

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

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

### Employees and remuneration policy

The Group had 58 full-time employees and 12 part-time employees as at 31 August 2023. 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 remuneration committee 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.

On 23 July 2018, the Company passed a resolution for the adoption of a share option scheme (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.



## Directors' Report (Continued)

### Employees and remuneration policy (Continued)

As of 20 September 2023 and 27 October 2023, the Company granted share options to eligible participants of the Group to subscribe for 2,112,000 and 1,888,000 ordinary shares of the Company respectively under the Share Option Scheme. For details, please refer to the Company's announcement dated 20 September 2023, 21 September 2023 and 27 October 2023.

### 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.

### 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

On 18 January 2024, the Company (as purchaser) and Law Wai Leung (the "**Vendor**") entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which the Company agreed to acquire and the Vendor agreed to sell 765,000 shares of PDR's Dining Limited (the "**Target Company**") (representing 51% of the total issued shares of the Target Company) at a total consideration of HK\$1 million. Completion shall take place on the fifth Business Day after the date of the Sale and Purchase Agreement or such other date as the Vendor and the Company may agree. After Completion, the Target Company will become a subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Group. For details, please refer to the announcement of the Company dated 18 January 2024.

Save as those disclosed above and in this annual report, the Board is not aware of any material event requiring disclosure, that has taken place subsequent to 31 August 2023 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. Lei 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 TARGET who retire and, being eligible, offer themselves for re-appointment at the 2024 AGM. A resolution will be proposed to the Shareholders at the 2024 AGM to re-appoint TARGET as the independent auditor of the Company.

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

**Li Junjian**  
*Chairman and Executive Director*

Singapore, 19 January 2024

# Environmental, Social and Governance Report

## About This Report

K Group Holdings Limited (referred to as “**the Group**” or “**Company**”) is pleased to present this Environmental, Social and Governance Report (“**ESG Report**”) to provide an overview of its management and achievement regarding the Environmental, Social and Governance aspects (“**ESG**”). This ESG Report aims to show the Group’s commitment and determination in leading its Company to sustainability that helps resolve various ESG-related issues that may impact the Group’s management and operations.

This ESG Report is prepared in accordance with all applicable provisions set out in the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) of the GEM Listing Rules in the Appendix 20 issued by the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Group has adhered to the Materiality, Quantitative, Balance and Consistency reporting principles when disclosing its ESG performance in the Reporting Period. All the information in the ESG Report was sourced from the official documents, statistical data and management and operational information of and collected by the Group.

The Group encountered changes to the data collection systems in the Reporting Period, which resulted in some variations in data disclosure. Looking forward, the Group will continue to review and improve data collection processes to enhance the accuracy and completeness of data disclosure.

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

## Reporting period and scope

Reporting Period: 1 September 2022 to 31 August 2023 (the “**Reporting Period**”)

Reporting Scope: Unless otherwise stated, this ESG Report only covers the operating activities that are the major revenue sources of the Group and considered as material by the Group. Hence, it covers the Group’s principal business of restaurant operations in Singapore only, including 1 central kitchen under the self-developed brand “Gangnam Kitchen” and 11 self-operated restaurants under different brands.

## Reporting principles

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

Reporting principles	Application
Materiality	Materiality assessment was conducted to identify key issues that are significant to the Group's long-term sustainability. Please refer to "Stakeholder engagement and materiality assessment" for more details.
Quantitative	All key environmental and social performance indicators of this ESG Report are disclosed quantitatively where feasible in accordance with the ESG Reporting Guide.
Balance	The overall ESG performance of this ESG Report has been presented in an objective and unbiased way to provide stakeholders with a balanced overview of the Group.
Consistency	The reporting scope of the Group and calculation methodologies used in this ESG Report is substantially unchanged comparing to the previous year. For any changes in the scope of disclosure and calculation methodologies, proper disclosures and explanations will be provided if needed.

## Opinion and feedback

The Group welcomes your feedback on this ESG Report. Please contact us by email at [info@kgroups.com.hk](mailto:info@kgroups.com.hk). Your feedback or suggestions are the important for us to continuously make progress on our sustainable performance.

## Introduction

The Group understands the importance of sustainability and believes it is an essential driver for the Group's future development. Hence the Group has devoted itself to upholding good corporate governance standards by creating economic, environmental, and social values to achieve long-term sustainability. It also promises to achieve sustainable development by incorporating sustainability initiatives into its daily operations and management that help enhance its ESG performance.

# Environmental, Social and Governance Report (Continued)

## 1. ESG governance structure

The Board of Directors (“**the Board**”) strives to embed ESG considerations into daily operations and management that bring common interests and values to the Group and all its stakeholders. The Board has the overall responsibility for managing relevant ESG matters of the Group, including ESG strategies, direction, and policies. Under the leadership and supervision of the Board, ESG-related issues such as the risks and opportunities, performance, policies, measures, and targets, are regularly discussed, reviewed, and monitored by various business and functional departments.

The Group’s business and functional departments also require formulating and implementing strategies and objectives in their respective areas that relate to sustainable development requested by the Board. They shall assist the Board in reviewing the Group’s ESG-related targets and performances through regular meetings, assess relative risks and opportunities that are significant to both the Group and its stakeholders, evaluate the effectiveness of the policies and measures regarding sustainable development, and provide appropriate solutions to enhance the Group’s overall ESG approaches. The Group will continue to review and enhance its ESG governance, strategies, policies and target-setting, in order to incorporate sustainability into decision-making process and daily operations.

The Board has devoted itself to making solid progress in integrating sustainability strategies into daily business operations. During the Reporting Period, the Board and functional departments continued the sustainability strategies and management approaches to ensure that ESG risks were handled to reduce the negative impacts. Besides, internal discussions were conducted under the Board’s instruction to explore the Group’s capability, resources and needs to set ESG-relevant targets. The results will be disclosed in due course when progress is made to respond to the stakeholders’ expectations.

## 2. Stakeholder engagement and materiality assessment

The Group values our stakeholders regarding our business operations and believes that stakeholder engagement is one of the key success factors in formulating the Group’s ESG strategies. We have established different communication channels to maintain close communication and relationships with our key stakeholders, such as customers, suppliers, shareholders, employees, government/regulatory authorities, and the community.

By discussing expectations and collecting ideas regarding ESG-related issues with our key stakeholders, we have gained in-depth understanding of their perception of the Group’s ESG strategies and performance. In response to their views and concerning issues, a materiality assessment will be conducted by the Group, which provides practical insights to assist the Group in identifying its material issues, thus, enhancing our overall business and sustainability performances while creating common values with our stakeholders.

Based on the result of the materiality assessment, the Group has identified 3 key issues that are most significant to our business operations and stakeholders, including the use of resources, product responsibility, and health and safety. These issues will be handled with an effective risk management and internal control system that aims to enhance the Group’s operation efficiency and create environmental and social benefits for the stakeholders and society.

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

The channels used for communication with respective stakeholder groups are set forth below.

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

## (A) Environmental

### 2.1 Environmental policy and compliance

To display the determination in protecting the environment, the Group is committed to minimizing the risks and impacts caused by its business operations. We promise to implement sustainability initiatives such as environmental policies, strategies, and measures in all areas of our business regarding the aspects of emissions, use of resources, environmental and natural resources, and climate change.

The Group supports the “Green Environment” idea and strives to become a responsible corporation that complies with all applicable laws and regulations in Singapore’s food industry. With the continuous refinement and implementation of laws, regulations, and policies in Singapore, for example, the Environmental Protection and Management Act (“**EPMA**”) and the Environmental Public Health Act (“**EPHA**”), the Group will continue to formulate and implement a series of internal policies and systems to save water, energy, and other resources.

During the Reporting Period, the Group has not identified any material non-compliance with all relevant laws and regulations regarding environmental issues, including but not limited to air and greenhouse gas emissions, discharge into water and land and generation of hazardous and non-hazardous wastes.

### 2.2 Emissions

The Group is engaged in businesses that operate restaurants where it seeks to bring quality food to its customers. The major sources of greenhouse gas (“**GHG**”) and air emissions generated mainly come from the town gas used in our kitchen operations and electricity purchased in our restaurants, which include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxides (N<sub>2</sub>O), nitrogen oxides (NO<sub>x</sub>), and sulfur oxides (SO<sub>x</sub>).

## (A) Environmental (Continued)

### 2.2 Emissions (Continued)

During the Reporting Period, the emissions of the Group were as follows:

**Table 1 – Emissions**

	Unit	2023	2022
<b>Air emissions</b>			
NO <sub>x</sub>	Kg	91	368
SO <sub>x</sub>	G	404	1,792
Particulate matter	G	1,777	1,742
<b>Greenhouse gas emissions</b>			
Scope 1 <i>(Note 1)</i>	tonnes of CO <sub>2</sub> e	967	127
Scope 2 <i>(Note 2)</i>	tonnes of CO <sub>2</sub> e	239	490
Scope 3 <i>(Note 3)</i>	tonnes of CO <sub>2</sub> e	–	–
Total GHG emissions	tonnes of CO <sub>2</sub> e	1,206	617
GHG emissions intensity	tonnes of CO <sub>2</sub> e/SGD'm revenue <i>(Note 4)</i>	203	46

Notes:

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



## (A) Environmental (Continued)

### 2.2 Emissions (Continued)

In 2023, the Group reduced around 75% of its nitrous oxides emissions and 77% of its sulfur oxides emissions compared to last year's result. To reduce the GHG and air emissions produced during our operational processes, the Group has executed multiple greenhouse gas and air emissions control measures to maximize the energy efficiency of kitchen facilities and equipment. The Group will continue to minimize its energy consumption and target to reduce the emission of air pollutants and greenhouse gases by 2% in the next fiscal year by the following practices:

- Employees are required to turn off gas stoves and water heaters when not in use;
- Provide educational materials to enhance the awareness of energy saving amongst employees;
- Unwanted materials and thick ice must be cleared and defrosted regularly from the refrigerator;
- Install energy-saving cooking facilities and equipment such as food steamers, steam cabinets, dishwashers and LED lighting in the restaurants and offices;
- Install appropriate and efficient filtering equipment;
- Inspect, maintain, and repair the ventilation system regularly;
- Optimize remote communication and minimize unnecessary business traveling;
- Use more energy-efficient motor vehicles; and
- Perform regular vehicle maintenance to ensure optimal engine performance and fuel consumption.

### 2.3 Hazardous and non-hazardous waste management

Food waste is the major constituent of the non-hazardous solid waste in the Group's business operations. It comprises waste produced during food production, processing, retail and preparation, especially leftovers and expired food. However, the Group does not generate much hazardous waste from its operations due to the Group's business nature. Therefore, avoiding waste generation in the first place and minimizing waste are the Group's crucial measures in its waste reduction strategy.

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

**Table 2 – Non-hazardous waste**

	Unit	2023	2022
Non-hazardous waste produced	Tonnes	261	470
Non-hazardous waste produced intensity	tonnes/SGD'm revenue <i>(Note)</i>	44	35

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

## (A) Environmental (Continued)

### 2.3 Hazardous and non-hazardous waste management (Continued)

In 2023, the Group reduced around 44% of its wastage quantity compared to last year's result and had successfully achieved the target of reducing its wastage quantity by 2% set in the previous fiscal year. We promise to incorporate various waste prevention considerations into our business operations and established guidelines for food ordering and processing in the section of the Code of Practice in the employee handbook and training manual for better waste management and disposal. To reduce the environmental impacts of waste generation, the Group has established the following measures to motivate employees to take responsibility for the improvements in waste management:

- The consumption of food ingredients is monitored on a daily basis to reduce wastage and storage costs

The head chef of each restaurant should know the best utilization of the various food ingredients as well as the consumption patterns of the customers at each restaurant. With proper control over food ordering and processing, the Group can reduce food waste effectively and avoid the generation of excessive ingredients and dishes. By doing so, we hope that this practice can enhance employees' awareness of food waste reduction and relative concepts.

- The reduction of paper and napkins wastes

To reduce paper and napkins consumption, the Group has been encouraging its employees to use electronic information systems for sharing information or internal administration documents instead of paper. Notices have been put on around the printers to remind employees to use double-sided printing and recycle used paper when needed. On the other hand, the Group understands the provision of single-used napkins is one of the most enduring conversations in restaurant circuits as they contribute to the solid waste problem. In response, all napkins would only be provided to the customers upon request in our restaurants.

- The setting up of recycling area

Different recycling bins are placed in specific areas in all business operations with proper signages on top to state what type of waste or recyclable materials should or should not be put into the bin. For example, the recycling bin only stores used cooking oil and grease waste in each restaurant. Employees are encouraged to sort the recyclables before putting them into the appropriate recycling bins.

## (A) Environmental (Continued)

### 2.4 Use of resources

Recognizing the depletion of natural resources as one of the greatest challenges we face today, the Group acknowledges that resource optimization has become the most preferable and adaptable solution to improve relative ESG performance in its daily operations. To seek comprehensive waste prevention and reduction approaches that incur less adverse impact on the environment, the Group strives to enhance its resource management by implementing energy and water efficiency initiatives that foster a low-carbon corporate culture, which further increases our employees' awareness in resource conservation.

#### (i) Energy consumption

The primary energy consumption of the Group in daily operations mainly comes from purchased town gas and purchased electricity. To mitigate the energy consumption among all of our operational processes, the Group has taken the following energy-efficient measures that promote energy-saving:

- Turn off gas stoves and water heaters when not in use;
- Switch off idle lighting during non-office hours;
- Turn on dishwashers with a full load only;
- Switch off air-conditioners and other equipment according to seasonal adjustments; and
- Install energy-saving cooking facilities and equipment.

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

**Table 3 – Energy consumption**

	Unit	2023	2022
<b>Direct energy</b>			
Diesel consumption	Kwh	28,705	27,483
<b>Indirect energy</b>			
Town gas consumption	Kwh	376,721	627,911
Electricity consumption	Kwh	572,817	1,137,843
Total energy consumption	Kwh	949,538	1,793,236
Total energy consumption intensity	Kwh/SGD'm revenue <i>(Note)</i>	159,968	134,617

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

## (A) Environmental (Continued)

### 2.4 Use of resources (Continued)

#### (ii) Water consumption

Due to the Group's business nature, the Group consumes significant water in its business activities, especially those associated with equipment and processes that take place in the kitchen. Hence, initiating a water management strategy is essential to the Group in planning, developing, distributing and managing the optimum use of water resources. To promote and adopt water-saving initiatives to reduce water consumption, the Group has taken the following measures:

- Reuse used water under feasible circumstances;
- Use the dishwasher only with a full load;
- Conduct regular inspection and maintenance of water pipes to prevent leakage of water; and
- Repair defective components to ensure the water source is stable and clean for all purposes<sup>1</sup>.

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

**Table 4 – Water consumption**

	Unit	2023	2022
Water consumption	m <sup>3</sup>	7,911	13,907
Water consumption intensity	m <sup>3</sup> /SGD'm revenue <i>(Note)</i>	1,333	1,044

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

In 2023, the Group reduced around 47% and 43% of its energy and water consumption compared to the previous year's results, achieving the target of reducing its consumption by 2% set in the previous fiscal year. To achieve further improvement, the Group will continue to actively integrate various measures into its business operations, educate its employees on conservation habitats, and perform regular maintenance on all electronic appliances, so as to enhance the Group's performance in conserving its energy and water usage. To strengthen the monitoring of the Group's water consumption, it promises to conduct statistical water consumption regularly with the help of advanced technologies, share the best management practices with our employees, and encourage them to implement conservation measures.

<sup>1</sup> The Group did not encounter any issue in sourcing water that is fit for purpose during the Reporting Period.

## (A) Environmental (Continued)

### 2.4 Use of resources (Continued)

#### (iii) Packaging materials

Due to the prohibition of dining at food & beverage outlets and other social distancing restrictions implemented by the Singapore government in response to the outbreak of the novel coronavirus, the rise of food takeaways has exacerbated the use of disposable utensils, containers, and packaging, which cause an astonishing amount of waste produced during the Reporting Period.

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

**Table 5 – Packaging materials**

	Unit	2023	2022
Packaging materials used	tonnes	25	39
Packaging materials used intensity	tonnes/SGD'm revenue <i>(Note)</i>	4	3

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

To cut down on the use of disposable and excess packaging materials, the Group has initiated several measures to eliminate the amount of plastic waste we produce. For example, provide training to employees to ask customers whether plastic bags, disposable tableware and straws are needed for their food and/or drinks; use fewer plastic bags when packaging food for customers; and encourage customers to bring their own container when purchasing takeaway.

However, the Group believes this situation will continue to improve as the economy recovers steadily. Therefore, the Group plans to reduce the amount of waste by 2% in the next fiscal year, and it will continue to monitor its data on food waste and donate unsold products to nonprofit organizations when applicable.

### The environment and natural resources

Through recognizing the importance of environmental conservation, the Group is committed to lessening our environmental impacts associated with our activities and operations. In order to effectively improve the performance of the Group's resource use, the Group strives to adopt a number of policies and measures related to reducing resource consumption to regulate the use of energy, water and paper in business operations. To enhance environmental awareness among employees, the Group also organizes environmental training and education sessions from time to time as to enlist their involvement to accelerate the Group's environment performance. Moreover, the Group promotes community activities related to environmental protection and sustainability undertakes to regularly review the performance of resource use.

## (A) Environmental (Continued)

### Climate change

In response to the global climate risk, the Group is aware that the frequency of extreme weather is increasing and may affect its business operations. Therefore, the Group identified the following climate-related risks that might impact the Group, so as to enhance our responsiveness and adaptability to climate change.

Types of risks	Example of the risks	Responsive measures
Acute physical risks	<ul style="list-style-type: none"> <li>• Flooding</li> <li>• Typhoon</li> <li>• Storms</li> </ul>	The Group has implemented the work arrangements of extreme weather conditions such as black rainstorm warning, flooding and typhoon signal No. 8.
Chronic physical risks	<ul style="list-style-type: none"> <li>• Sustained high temperature</li> </ul>	The Group has adopted energy conservation measures in managing such risk, for details please refer to the subsection of “Use of Resources”.
Transition risks	<ul style="list-style-type: none"> <li>• Change in environmental-related regulations</li> <li>• Change in customer preferences</li> </ul>	The Group continues to monitor the regulatory market environment to ensure that our food and services meet customers and regulatory expectations.

Although the above risks mentioned do not have significant impacts to the Group’s operations, the Group will continue to review updates on both local and international policies and regulations to identify potential climate-related risks, based on the likelihood and impact of the identified risks, thereby improving the Group’s resilience to risks and maintaining stable business growth and operations.

## (B) Social

### 3. Employment and labour practices

The Group understands that nurturing talents is the cornerstone to maintain its long-term development. The Group attributes its perspective and sustainable development to the efforts and contributions of our employees. On this ground, by providing employees with appropriate working environment, welfare and other elements, the Group ensures that they can bring positive impact to corporate development in a suitable working environment.

## (B) Social (Continued)

### 3. Employment and labour practices (Continued)

#### 3.1 Employment

The Group's long-term business success is directly related to the joint efforts and contributions of our employees. Hence, a well-established employment system is vital to attract and retain talents. The Group's stringent employment requirements and excellent remuneration packages help recruit talents and build their sense of belonging. As a recognition of our employees' hard work and demonstration of emphasis on their rights and interests, the Group is committed to provide employees with comprehensive and competitive compensation packages, fostering employees' interests and corporate benefits. Additionally, the Group recognizes employees' superior performance with motivational feedback, such as annual performance reviews, salary adjustment and promotion according to their qualifications, capability, performance, and other relevant criteria. Furthermore, discretionary bonus and share options may also be granted to eligible employees based on individual performance.

The Group advocates a respectful and fair working environment and adopts a zero-tolerance attitude towards any kind of discrimination. The Group's guidelines on staff recruitment and avoidance of unlawful employment policy stipulate the obligations as a responsible employer and the procedures necessary to ensure the recruitments are carried out in a fair and open manner in accordance with the applicable laws and regulations.

The Group is committed to creating and maintaining an inclusive and collaborative work culture. The Group employs personnel without regard to race, ancestry, place of origin, colour, ethnic origin, language, citizenship, creed, religion, gender, sexual orientation, age and marital status. As for the new recruits, the Group provides on-the-job training to help them acquire the necessary knowledge and skills to adapt to their new positions and integrate into the Group's working culture.

Our Employee Handbook is a formally written document that summarizes the statement on work and rest hours, pay and performance issues, policies on benefits, training and leave, and disciplinary and dismissal procedures and possible sanctions. In addition to statutory holidays, employees are also entitled to a variety of paid holidays, including personal leave, sick leave, marriage leave, maternity leave, work injury leave, etc. To safeguard the physical and mental health of our employees, the Group encourages them to pursue a balanced life and provides an excellent working environment for them. Furthermore, meals are provided to our employees to build empathy and happiness in the workplace.

## (B) Social (Continued)

### 3. Employment and labour practices (Continued)

#### 3.1 Employment (Continued)

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

**Table 6 – Workforce statistics**

		2023		2022	
		No. of employees	Occupied percentage	No. of employees	Occupied percentage
By gender	Male	40	57.1%	55	66.3%
	Female	30	42.9%	28	33.7%
By employment type	Full time	58	82.9%	60	72.3%
	Part time	12	17.1%	23	27.7%
By employee level	Management	20	28.6%	5	6.0%
	Staff	50	71.4%	78	94.0%
By age group	18-30 years old	19	27.1%	64	77.1%
	31-40 years old	36	51.4%	15	18.1%
	41-50 years old	6	8.6%	4	4.8%
	51-64 years old	9	12.9%	–	–
	≥ 65 years old	–	–	–	–
By geographical region	Southeast Asia	70	100%	83	100%
	Outside Southeast Asia	–	–	–	–
Total number of employees		70	100%	83	100%



## (B) Social (Continued)

### 3. Employment and labour practices (Continued)

#### 3.1 Employment (Continued)

**Table 7 – New hire and employee turnover statistics**

		2023		2022	
		No. of headcount	New hire rate	No. of headcount	New hire rate
By gender	Male	6	15.0%	4	7.3%
	Female	4	13.3%	2	7.1%
By employment type	Full time	8	13.8%	6	10.0%
	Part time	2	16.7%	–	–
By employee level	Management	2	10.0%	–	–
	Staff	8	16.0%	6	7.7%
By age group	18-30 years old	2	10.5%	4	6.3%
	31-40 years old	5	13.9%	2	13.3%
	41-50 years old	1	16.7%	–	–
	51-64 years old	2	22.2%	–	–
	≥ 65 years old	–	–	–	–
By geographical region	Southeast Asia	10	14.3%	6	7.2%
	Outside Southeast Asia	–	–	–	–
Total new hire		10	14.3%	6	7.2%

		2023		2022	
		No. of headcount	Turnover rate	No. of headcount	Turnover rate
By gender	Male	6	15.0%	5	9.1%
	Female	7	23.3%	3	10.7%
By employment type	Full time	11	19.0%	8	13.3%
	Part time	2	16.7%	–	–
By employee level	Management	1	5.0%	–	–
	Staff	12	24.0%	8	10.3%
By age group	18-30 years old	4	21.0%	3	4.7%
	31-40 years old	6	16.7%	5	33.3%
	41-50 years old	0	–	–	–
	51-64 years old	3	33.3%	–	–
	≥ 65 years old	0	–	–	–
By geographical region	Southeast Asia	13	18.6%	8	9.6%
	Outside Southeast Asia	0	–	–	–
Total turnover		13	18.6%	8	9.6%

## (B) Social (Continued)

### 3. Employment and labour practices (Continued)

#### 3.1 Employment (Continued)

*Notes:*

1. The new hire rates are calculated using the number of new employees divided by total number of employees at the end of the Reporting Period.
2. The employee turnover rates are calculated using the number of employees resigned divided by total number of employees at the end of the Reporting Period.

During the Reporting Period, the Group has not identified any non-compliance with the relevant laws and regulations relating of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

#### 3.2 Health and safety

Maintaining a healthy and safe working environment helps to enhance employee performance and create a positive working atmosphere. In light of this, the Group has in place safety polices and guidelines which set out the safety procedures and promote safety at work sites stipulated by the relevant applicable laws and regulations. Moreover, the Group has formulated policies to ensure a high standard is kept at all times with regards to means of ventilation, sanitary fitments, facilities for cleaning equipment and utensils, means of exit and entry and fire safety to lower risks more effectively.

Employees' safety is of paramount importance to our business development. All new recruited operational workers are required to attend safety training and receive guidance of acceptable personal hygiene measures. Training buddies are allocated to the new recruited employees to help them integrate into the workplace and support them to follow safety measures smoothly. On the other hand, the surface of all the floors of restaurants shall be maintained even and non-slippery. To avoid the accumulation of water, our kitchens have installed effective drainage. Meanwhile, our employees should wear non-slip shoes in the kitchen to prevent accidents. Knives should be kept safely with blades protected. In case of emergency, all of the Group's restaurants are equipped with first aid kits. In addition, the fire warning system is regularly tested and fire emergency plan drill is organized to restaurants staff to proactively grasp the key points of evacuation and emergency rescue. In case of accident, insurance is covered by the basic security package.

The Group strictly follows the Safety Management Measures ("**SMM**") issued by the Ministry of Manpower ("**MOM**") to slow the rate of transmission and minimise strain on the healthcare capacity. To tackle any further possible outbreak of unknown pandemic and epidemic, the MOM updates the SMM regularly.

## (B) Social (Continued)

### 3. Employment and labour practices (Continued)

#### 3.2 Health and safety (Continued)

The Group has issued guidelines in accordance to the SMM for protecting the health and safety of customers and employees as follows:

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

As a responsible corporate, employees' health and safety are always prioritized. The number and rate of work-related fatalities occurred in each of the past three years are as follows:

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

Unit	2023	2022	2021
Number of lost days due to work injuries	–	–	–
Number of work-related fatalities due to work	–	–	–
Number of work injuries due to work	–	–	–

During the Reporting Period, the Group did not have any safety incidents resulting in work-related injury or death, and had not identified any material non-compliance with the relevant laws and regulations in relation to working environment and protection for employees from occupational hazards.

## (B) Social (Continued)

### 3. Employment and labour practices (Continued)

#### 3.3 Development and training

Appropriate training activities can strengthen employees' skills and knowledge to help them unleash their potential in the work environment. The Group continued its support to employees through provision of internal and external training courses, covering various areas such as food preparation and preservation, customer services and quality control in different aspects of the restaurant operation.

Our human resource department has maintained the records of both internal and external training participated by the Group's employees. With the different needs of departments and positions, a series of training were organized during the Reporting Period, which include:

Targeted employees	Content
<ul style="list-style-type: none"> <li>Newly recruited employees</li> <li>Employees being relocated to a new post</li> </ul>	<ul style="list-style-type: none"> <li>Required to attend on-the-job training which helps new employees to understand the new working conditions, job requirements as well as all other safety and environmental conservation practices at the workplace</li> </ul>
<ul style="list-style-type: none"> <li>Experienced employees</li> </ul>	<ul style="list-style-type: none"> <li>Given the checklists to ensure all matters on food quality, internal procedures and safety standards are properly discussed with new recruits</li> </ul>
<ul style="list-style-type: none"> <li>All employees</li> </ul>	<ul style="list-style-type: none"> <li>Participated in training offered by professional training institutions or experts</li> <li>Encouraged to undertake external courses that are funded by the Group</li> </ul>
<ul style="list-style-type: none"> <li>Directors and senior management</li> </ul>	<ul style="list-style-type: none"> <li>Encouraged to undertake some form of continuing professional development courses or training</li> </ul>
<ul style="list-style-type: none"> <li>Food handling staff</li> </ul>	<ul style="list-style-type: none"> <li>Attended trainings about food safety regulations</li> <li>Received the appropriate supervision and training about food hygiene</li> </ul>

The restaurant manager or head chef also has regular debriefings with the employees of the restaurant to discuss key issues of attention, such as customer's feedback and opinions, updates to the food and drink menus, restaurant hygiene and sanitation, as well as any recent accidents that took place there. To ensure that its talents can reach their maximum potential, the Group regularly evaluates our training strategies.

## (B) Social (Continued)

### 3. Employment and labour practices (Continued)

#### 3.4 Labour standard

According to the Singapore's Employment (Children and Young Persons) Regulations published in 2000, where no child who is below the age of 13 years shall be employed in any occupation. The Prevention of Human Trafficking Act was also enforced in 2014, where any person who recruits, transports, transfers, harbours or receives an individual by any means of coercion or a child (below age of 18) for the purpose of exploitation shall be guilty of an offence. The legislations are enforceable for all business operations in Singapore. The Group has zero-tolerance for any form of modern slavery, including child labour and forced labour.

To avoid cases of child-labour and forced-labour from happening, we have formalised the minimum age requirement of 18 years old in the Group's recruitment policies by verifying the personal information in each new hire's identity card. A legal-binding employment contract is signed with each employee. Besides, the human resources department is responsible for verifying the age of all applicants for employment by requiring the presentation of valid identification issued by an official authority prior to employment. In case of a violation, the Group shall reimburse the employee in accordance with local employment laws and regulations. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations related to preventing child and forced labour.

### 4. Operational practices

#### 4.1 Supply chain management

The Group recognises the importance of not to be directly or indirectly involved in corrupt practices or complicit in human rights abuses. In order to provide quality food and service, the Group sources high-quality ingredients from selecting suppliers carefully, and setting appropriate standards according to actual operational needs, so as to build a good foundation for the provision of high-quality food and catering services.

The Group selects suppliers in an objective, fair, just and highly transparent manner and thus has developed a list of approved food and beverage suppliers. To lower our supply chain risks, there are at least two approved suppliers for each type of food ingredient and beverage when possible. The head chef will monitor the quality of purchased ingredients and food items and may suggest to our management to consider removing certain suppliers if there is deterioration in the capacities, reliability or consistency of service and product quality of those suppliers. We may remove suppliers failing to meet our selection criteria or being susceptible of negative publicity from our supplier list.

## **(B) Social (Continued)**

### **4. Operational practices (Continued)**

#### **4.1 Supply chain management (Continued)**

The Group will conduct a comprehensive evaluation on the suppliers for initial cooperation. First, our head chef will first screen the supplier whether their product quality can meet our standards and requirements, such as the cost, origin of the supply of the food ingredients, possession of necessary licences, timely delivery of orders and supply stability. The Group gives preference to suppliers with certain qualifications and standards. If the potential supplier passes the initial screening and sample testing by the head chef, we will obtain approval from directors to add the new supplier in the approved supplier list. We will then place a small trial order to test the quality of their food, and their reliability and timeliness in the delivery before negotiating for a long-term supply partnership. As at 31 August 2023, we have approximately 20 active vendors in the approved vendors list.

The Group arranges meetings with food suppliers and other service providers from time to time to ensure the provision of quality dining service to customers, and the food and beverages suppliers are carefully selected based on factors including food quality, food safety management, sources of ingredients, pricing and other terms, capacity and availability, track record and reputation, payment method and terms, delivery options and schedules, etc. The Group conducts regular supplier reviews to ensure that the hygiene, process and quality of their products are maintained at a high standard. All suppliers are required to hold valid licences issued by the government and all imported goods shall obtain proper clearance from respective authorities. All foods received from suppliers must be in compliance with the food labelling requirements, relevant hygiene and sanitary regulations. The Group monitors the performance of all suppliers on a regular basis to ensure that their food ingredients meet the stringent requirements and to safeguard the quality and condition of goods. Suppliers with past records of material environmental or social accidents, such as excessive pollutions discharges to the environment, exploitation of workers and food safety incidents, will not cooperate with the Group.

In order to extend the concept of sustainable development to the supply chain, the Group encourages all its suppliers to implement the concept of sustainable development and responsible practices in their operations by emphasizing environmental and social risk control in supplier selection procedures and standards, so as to promote the sustainable development performance of both parties.

To extend the concept of sustainable development to the supply chain, the Group also monitors the reputation of the supplier's performance in business ethics, encourages all its suppliers to implement the concept of sustainable development and responsible practices in their operations by emphasizing environmental and social risk control in supplier selection procedures and standards, so as to promote the sustainable development performance of both parties. During this Reporting Period, the Group did not identify any cases of suppliers failing to meet the Group's requirements.

## (B) Social (Continued)

### 4. Operational practices (Continued)

#### 4.2 Product responsibility

In terms of maintaining high-quality of food and service, the Group has complied with Sales of Food Act of Singapore and other applicable law and regulations. To strengthen the management of food ingredients, the Group adopted policies and procedures to ensure they are safe, fresh and of good quality upon delivery, in storage and during processing. The Group selects suppliers carefully and maintains relationship only with qualified suppliers.

Apart from food ingredients procurement, the Group has also optimized the production process, to ensure that the quality and safety of food products are qualified. The Group also performs regular identification of hazards, determination of critical control points and timely implementation of effective control and monitoring measures.

The head chefs and restaurant managers' responsibilities are quality control and assurance at every restaurants. They are responsible for inspecting the food supplies and ingredients, overseeing the food preparation process and monitoring the dining environment and kitchen area. The Group's operational workers clean and sanitize each of the restaurant to maintain food safety and hygiene in accordance with the policies and procedures. All dishes shall be freshly made in the kitchen and served to customers as soon as possible, which reduces the risk of food contamination. Also, raw food and cooked food are stored separately to avoid bacteria breeding and cross-contamination. All used food processing equipment will be cleaned thoroughly before it is used for processing another dish. Used utensils are collected, washed and dried after use by customers. If there are any food quality and safety concerns raised by our employees or received from customers, the restaurant manager is responsible for handling the complaints received at the restaurant immediately, while the customer service department is responsible for handling the complaints. The Group will investigate and resolve with the customer if it is assessed to have severe implications.

During the Reporting Period, the Group did not receive any food recall events regarding health and safety reasons. The Group's marketing activities aim to promote pleasant dining experiences at our restaurants with quality food and affordable prices available in a range of cuisine. We promote our restaurants through various marketing activities, including the maintenance of our website, the display of our menu in digital panels at the shopping malls, launching promotion campaigns with shopping mall networks. The Group values customers' opinions and ensures that their opinions and complaints are handled to maintain two-way communication between customers and the Group. The Group has established various feedback channels, such as email and feedback form etc. The restaurant managers will discuss the customer feedback with senior management in order to improve the overall operations. Upon receipt of complaints, the Group will take prompt actions and respond to relevant customers in a timely manner to improve the quality of our services. The head chef and the restaurant manager of each restaurant also meet on a regular basis to communicate any issues encountered so as to ensure that customers' opinions are reflected.

## (B) Social (Continued)

### 4. Operational practices (Continued)

#### 4.2 Product responsibility (Continued)

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

The Group is committed to protecting intellectual property rights and customer privacy in our business operations. The logo and name of our brands have been registered as trademarks and protected under the "Trade Marks Act" in Singapore. In the event of intellectual property infringement by third parties, the Group will engage its legal counsel to take necessary action (i.e. warning letters, litigation) against them. In addition, the Group has installed various anti-virus and firewall softwares in prevention of any leakage of confidential data and information.

#### 4.3 Anti-corruption

Corporate ethics is the foundation upon which the Group maintains accountable operations. The Group is committed to operating with integrity and in accordance with the highest ethical standards and preventing corruption.

To maintain the ethics in daily operations, our employee handbook lists out the internal control policies and procedures that governs the investigation and follow-up procedures of reported fraud incidents and provides for a whistle-blowing procedures mandatory for the employees to report any action or behavior of bribery or misconduct. If an employee suspects any cases of misconduct, they can report to the Group's whistle-blowing channel. The Board would monitor the aforesaid implementation related to anti-corruption and anti-bribery regularly.

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

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



## (B) Social (Continued)

### 5. Community investment

Giving back to society is one of the key areas that the Group attaches great importance to. As a responsible corporate, the Group is committed to fulfilling our corporate social responsibility, caring for and giving back to society. Since its establishment, the Group has been a responsible taxpayer and offers job opportunities to local people to alleviate the pressure from unemployment.

To implement more comprehensive community investment activities and programs, the Group will formulate policies related to community investment and donations based on community needs and its operation in due course, hoping to influence and bring positive impacts on the community.

## ESG Reporting Guide Content Index

Aspects	Description	Remark
<b>A1 Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental policy and compliance
A1.1	The types of emissions and respective emissions data.	Emissions
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Emissions
A1.3	Total hazardous waste produced and intensity.	Hazardous and non-hazardous waste management
A1.4	Total non-hazardous waste produced and intensity.	Hazardous and non-hazardous waste management
A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Hazardous and non-hazardous waste management

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

## Environmental, Social and Governance Report (Continued)

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

Aspects	Description	Remark
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and training
B3.1	The percentage of employees trained by gender and employee category.	Development and training
B3.2	The average training hours completed per employee by gender and employee category.	Development and training
<b>B4 Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour standard
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour standard
B4.2	Description of steps taken to eliminate such practices when discovered.	Labour standard
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
B5.1	Number of suppliers by geographical region.	Supply chain management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply chain management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management

## Environmental, Social and Governance Report (Continued)

Aspects	Description	Remark
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management
<b>B6 Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product responsibility
B6.2	Number of products and service-related complaints received and how they are dealt with.	Product responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product responsibility
B6.4	Description of quality assurance process and recall procedures.	Product responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product responsibility
<b>B7 Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption

Aspects	Description	Remark
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

## **B8 Community Investment**

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community investment
B8.1	Focus areas of contribution.	Community investment
B8.2	Resources contributed to the focus area.	Community investment

## Independent Auditor's Report



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

### Disclaimer of Opinion

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 89 to 149, which comprise the consolidated statement of financial position as at 31 August 2023, 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.

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

### Basis for Disclaimer of Opinion

#### Material Uncertainty Related to Going Concern

As described in note 2 to the consolidated financial statements, the Group incurred loss attributable to the owners of the parent of the Company of SGD2,317,000 for the year ended 31 August 2023. As at the same date, the Group had net current liabilities of SGD5,826,000 and SGD 8,404,000 as compared to its cash and bank balances of SGD234,000. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends, among others, on the successful and favorable outcome of these measures, which are subject to multiple uncertainties, including (a) the continued operation of the existing restaurants in Singapore on which depend on the success of ongoing lease renewal negotiations (b) negotiation with the lender to extend the repayment of the other borrowings (c) generation of operating cash flows by the Group and the successful of operational restructuring and (d) successful to obtain the revolving loan facilities when needed.

## Basis for Disclaimer of Opinion (Continued)

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

Should the Group fail to achieve the abovementioned plans and measures, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values 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 as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

The consolidated financial statements have been prepared by the directors of the Company on a going concern basis. In view of the extent of the material uncertainties relating to the results of those measures to be undertaken by the Group which might cast a significant doubt on the Group's ability to continue as a going concern, we are unable to form an opinion as to whether it is appropriate for the preparation of the consolidated financial statement on a going concern basis.

### Other Matter

The consolidated financial statements of the Group for the year ended 31 August 2022 were audited by another auditor who expressed a unmodified opinion in relation of the material uncertainty related to going concern on those statements on 15 December 2022.

## Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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



## Independent Auditor's Report (Continued)

### Responsibilities of the Directors for the Consolidated Financial Statements (Continued)

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report that include 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 for any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

#### **TARGET CPA LIMITED**

*Certified Public Accountants*

#### **Lam Man Chi**

Practising Certificate Number: P05324

Hong Kong

19 January 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 August 2023

	Notes	2023 SGD'000	2022 SGD'000
Revenue	5	5,936	13,321
Other gains and (losses), net	7	274	(36)
Cost of inventories consumed		(1,414)	(3,407)
Staff costs		(3,304)	(5,097)
Depreciation and amortisation		(899)	(1,967)
Rental and related expenses		(774)	(1,043)
Utility expenses		(307)	(576)
Marketing and advertising expenses		(26)	(65)
Franchise and licensing fees		(124)	(212)
Other operating expenses		(1,455)	(2,762)
Reversal of impairment losses on financial assets, net		–	22
Finance costs	8	(178)	(738)
Loss before tax	9	(2,271)	(2,560)
Income tax expense	10	(132)	(73)
Loss for the year		(2,403)	(2,633)
<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		86	30
Total comprehensive loss for the year		(2,317)	(2,603)
Loss for the year attributable to:			
Owners of the parent		(2,317)	(2,558)
Non-controlling interests		(86)	(75)
		(2,403)	(2,633)
Total comprehensive loss attributable to:			
Owners of the parent		(2,253)	(2,540)
Non-controlling interests		(64)	(63)
		(2,317)	(2,603)
			(restated)
<b>Loss per share attributable to ordinary equity holders of the parent</b>			
Basic and diluted	13	SGD(5.10) cents	SGD(5.81) cents

# Consolidated Statement of Financial Position

31 August 2023

	Notes	2023 SGD'000	2022 SGD'000
<b>Non-current Assets</b>			
Plant and equipment	14	27	395
Right-of-use assets	15(a)	–	748
Intangible assets	16	–	108
Rental and other deposits	18	6	308
<b>Total Non-current Assets</b>		<b>33</b>	<b>1,559</b>
<b>Current Assets</b>			
Inventories	17	125	49
Trade and other receivables, deposits and prepayments	18	1,204	1,123
Due from holding company	20	29	27
Cash and bank balances	21	234	108
<b>Total Current Assets</b>		<b>1,592</b>	<b>1,307</b>
<b>Current Liabilities</b>			
Trade and other payables and accruals	19	6,109	4,910
Due to non-controlling interests	20	84	89
Due to a director	20	–	1,059
Tax payable		222	90
Interest-bearing other borrowings	22	677	562
Lease liabilities	15(b)	271	1,586
Provision for reinstatement costs	24	55	206
<b>Total Current Liabilities</b>		<b>7,418</b>	<b>8,502</b>
<b>Net Current Liabilities</b>		<b>(5,826)</b>	<b>(7,195)</b>
<b>Total Assets less Current Liabilities</b>		<b>(5,793)</b>	<b>(5,636)</b>
<b>Non-current Liabilities</b>			
Lease liabilities	15(b)	56	472
Due to a director	20	2,515	–
Deferred tax liabilities	23	34	34
Provision for reinstatement costs	24	6	356
<b>Total Non-current Liabilities</b>		<b>2,611</b>	<b>862</b>
<b>Net Liabilities</b>		<b>(8,404)</b>	<b>(6,498)</b>

# Consolidated Statement of Financial Position (Continued)

31 August 2023

	Notes	2023 SGD'000	2022 SGD'000
<b>Equity</b>			
Equity attributable to owners of the parent			
Share capital	25	915	764
Other reserves		(8,294)	(6,301)
		(7,379)	(5,537)
Non-controlling interests		(1,025)	(961)
<b>Deficit in Assets</b>		<b>(8,404)</b>	<b>(6,498)</b>

**Li Junjian**  
DIRECTOR

**Wong Pui Kei, Peggy**  
DIRECTOR

# Consolidated Statement of Changes in Equity

Year ended 31 August 2023

	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	Sub-total		
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000		
At 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 and 1 September 2022	764	11,853*	4,507*	(22,687)*	26*	(5,537)	(961)	(6,498)
Loss for the year	-	-	-	(2,317)	-	(2,317)	(86)	(2,403)
Exchange differences on translation of foreign operations	-	-	-	-	64	64	22	86
Total comprehensive loss for the year	-	-	-	(2,317)	64	(2,253)	(64)	(2,317)
Placing of shares, net of transaction costs (Note 25)	151	260	-	-	-	411	-	411
<b>At 31 August 2023</b>	<b>915</b>	<b>12,113*</b>	<b>4,507*</b>	<b>(25,004)*</b>	<b>90*</b>	<b>(7,379)</b>	<b>(1,025)</b>	<b>(8,404)</b>

\* These reserve amounts comprise the consolidated other reserves of negative SGD8,294,000 (2022: SGD6,301,000) 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.

# Consolidated Statement of Cash Flows

Year ended 31 August 2023

	2023 SGD'000	2022 SGD'000
<b>Cash flows from operating activities</b>		
Loss before tax	(2,271)	(2,560)
Adjustments for:		
Gains on remeasurement of lease contracts	–	(55)
Gains on termination of leases	(192)	–
Impairment loss on plant and equipment	–	572
Impairment loss on right-of-use assets	223	349
Impairment loss on intangible assets	88	102
Imputed interest income	(223)	(49)
Imputed interest expense	7	9
Loss on write off of plant and equipment	62	–
Finance costs	178	738
Depreciation of plant and equipment	329	737
Depreciation of right-of-use assets	550	1,193
Amortisation of intangible assets	20	37
Reversal of impairment loss on trade receivables, net	–	(3)
Reversal of impairment loss on other receivables, net	–	(19)
	(1,229)	1,051
(Increase)/decrease in inventories	(76)	27
Decrease in trade and other receivables, deposits and prepayments	250	929
Increase in trade and other payables and accruals	1,179	469
Cash generated from operations	124	2,476
Income tax refund	–	17
<b>Net cash flows from operating activities</b>	<b>124</b>	<b>2,493</b>
<b>Cash flows from investing activities</b>		
Purchases of plant and equipment	(23)	(6)
Cash paid for reinstatement costs	(514)	(66)
<b>Net cash flows used in investing activities</b>	<b>(537)</b>	<b>(72)</b>

## Consolidated Statement of Cash Flows (Continued)

Year ended 31 August 2023

	2023 SGD'000	2022 SGD'000
<b>Cash flows from financing activities</b>		
New other borrowings raised	–	925
Proceeds from placement of shares	411	–
Repayment of other borrowings	–	(1,059)
Advance from a director, net	1,753	1,308
Repayment to non-controlling interests	(5)	(4)
Interest paid	(63)	(685)
Repayment of lease liabilities	(1,557)	(3,177)
<b>Net cash flows from/(used in) financing activities</b>	<b>539</b>	<b>(2,692)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>126</b>	<b>(271)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>108</b>	<b>379</b>
<b>Cash and cash equivalents at end of the year, represented by cash and bank balances</b>	<b>234</b>	<b>108</b>

## 1. CORPORATE AND GROUP INFORMATION

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

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

- Restaurant operations
- Sale of food ingredients

The functional currency of the Company is Hong Kong dollars (“**HKD**”) and the presentation currency is Singapore dollars (“**SGD**”) and all values are rounded to the nearest thousand (“**SGD’000**”) except when otherwise indicated.

### 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	United states dollar 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. (ceased business during the year)	Singapore	SGD203,000	–	60%	Operating restaurant in Singapore
Gangnam Kitchen Pte. Ltd.	Singapore	SGD3,000	–	100%	Sale of food ingredients
Nipong Naepong Singapore Pte. Ltd.	Singapore	SGD100	–	100%	Operating restaurant in Singapore
SB Westgate Pte. Ltd.	Singapore	SGD150,000	–	100%	Dormant



# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 1. CORPORATE AND GROUP INFORMATION (Continued)

### Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable of the Company		Principal activities
			Direct	Indirect	
NY Night Market (313) Pte. Ltd.	Singapore	SGD300,000	–	100%	Dormant
Ny Night Market (Vivo) Pte. Ltd.	Singapore	SGD300,000	–	100%	Dormant
SB 313 Pte. Ltd.	Singapore	SGD300,000	–	100%	Dormant
Kota Bak Kut Teh (SG) Pte. Ltd. (ceased business during the year)	Singapore	SGD100	–	90%	Operating restaurant in Singapore
Kota Bak Kut Teh (SRG) Pte. Ltd. (ceased business during the year)	Singapore	SGD100	–	80%	Operating restaurant in Singapore
The Chir HV Pte. Ltd. (ceased business during the year)	Singapore	SGD200,000	–	100%	Operating restaurant in Singapore

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

## 2. BASIS OF PRESENTATION

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

- (a) For the year ended 31 August 2023 and 2022, the Group incurred continuous loss attributable to owners of the parent of the Company of SGD2,317,000 and SGD2,558,000, respectively. In addition, as at 31 August 2023, the Group had net current liabilities and net liabilities of SGD5,826,000 and SGD8,404,000.
- (b) As of August 31, 2023, the Group's borrowings of SGD677,000 remained outstanding beyond the reporting period, while the Group's cash and bank balances of SGD234,000 are insufficient to cover the outstanding borrowings.

## 2. BASIS OF PRESENTATION (Continued)

- (c) As of August 31, 2023, the Group's liabilities include trade and other payables and accruals totalling SGD6,109,000, balances with non-controlling interest amounting to SGD84,000 and lease liabilities of SGD271,000. These liabilities are due within the next 12 months. However, considering the current insufficient cash and bank balances, there is uncertainty regarding the Group's ability to settle these liabilities.
- (d) The leases for the remaining restaurants of the Group in Singapore are set to expire on 31 January 2024. Currently, there is uncertainty regarding the possibility of lease renewal, and negotiations with the landlord are still ongoing.

The directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and performance of the Group and the available sources of finance to continue as a 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 after taking into consideration the following:

- (a) In order to meet the immediate working capital demand as stated above, the Group obtained a revolving loan facilities of HKD65,000,000 (equivalent to SGD11,190,000 as at 31 August 2023) from an independent third party which is effective from 15 December 2023 to 31 January 2025. During the contracted period, the Group is able to draw the loan amount at anytime with a 2-days notice period;
- (b) The Group is currently engaged in operational restructuring as part of its strategic initiatives. One of the key focuses is to expand its operations by acquiring profitable restaurants in other regions, such as in Hong Kong Special Administrative Region or in the People's Republic of China. Additionally, the Group is actively seeking other premises in Singapore and has plans to rebrand its existing restaurants to align with the evolving food trends in Singapore and generate increased customer demand;
- (c) The Group is under negotiation with the lender to extend the repayment period for the outstanding borrowings as stated above; and
- (d) The Group remains committed to implementing stringent expense controls as a continuous effort to manage costs effectively and optimize operational efficiency. By closely monitoring and scrutinizing expenses, the Group aims to identify areas for potential savings and ensure that resources are allocated judiciously.

However, should the above measures not be implemented successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Company's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise.

## 3.1 BASIS OF PREPARATION

### (a) Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning or after 1 September 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

### (b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>3</sup>
Amendments to HKAS 21	Lack of Exchange ability <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2025

All the above new and revised standards in issue but not yet effective are not likely to have material impact on the consolidated financial statements.

## 3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 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 2023 and 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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;

## 3.2 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 which means that each parent, subsidiary and fellow subsidiary is related to others;
  - (ii) one entity is an associate or joint venture of the other entity or an associate or a joint venture of a member of a group of which the other entity is a member;
  - (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.
- (c) 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.

### 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.

## 3.2 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.

### Franchise and licensing rights

Franchise and licensing 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.

## 3.2 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
------------	----------------------

#### (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 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.



## 3.2 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.

## 3.2 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.

## 3.2 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

## 3.2 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.

## 3.2 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. 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.

## 3.2 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.

## 3.2 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.

## 3.2 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.

#### *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.



## 3.2 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.

## 3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Foreign currencies

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

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

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

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

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

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 3.2, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the coming financial year.

### **Estimated impairment of plant and equipment, right-of-use assets and intangible assets**

Plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation or amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment, make estimation, particularly in assessing whether an event has occurred or any indicators that may indicate that the carrying amount of the relevant assets may not be recoverable and for assets with impairment indication, or appropriate key assumptions to be applied in estimating the recoverable amounts. Changing those assumptions and estimates could materially affect the recoverable amount.

As at 31 August 2023, the carrying amounts of the plant and equipment, right-of-use assets and intangible assets related to restaurant operations are SGD24,000, SGDNil and SGDNil (2022: SGD390,000, SGD748,000 and SGD108,000), respectively, after taking into account the impairment losses of SGDNil, SGD223,000 and SGD88,000 (2022: SGD572,000, SGD349,000 and SGD102,000) in respect of plant and equipment, right-of-use assets and intangible assets that have been recognised respectively. Details of the impairment of plant and equipment, right-of-use assets and intangible assets are disclosed in Note 14 to the consolidated financial statements.

## 5. REVENUE

An analysis of revenue is as follows:

	2023 SGD'000	2022 SGD'000
<b>Revenue from contract with customers</b>	<b>5,936</b>	<b>13,321</b>

### Revenue from contract with customers

#### (i) Disaggregated revenue information

For the year ended 31 August 2023

Segments	Restaurant operations SGD'000	Sale of food ingredients SGD'000	Total SGD'000
<b>Types of goods or services</b>			
Catering services in restaurants	5,883	–	5,883
Sale of food ingredients	–	53	53
Total revenue from contracts with customers	<b>5,883</b>	<b>53</b>	<b>5,936</b>
<b>Geographical markets</b>			
Singapore	5,883	53	5,936
Total revenue from contracts with customers	<b>5,883</b>	<b>53</b>	<b>5,936</b>
<b>Timing of revenue recognition</b>			
At a point of time	5,883	53	5,936
Total revenue from contracts with customers	<b>5,883</b>	<b>53</b>	<b>5,936</b>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 5. REVENUE (Continued)

### Revenue from contract with customers (Continued)

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

For the year ended 31 August 2022

Segments	Restaurant operations SGD'000	Sale of food ingredients 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
Total revenue from contracts with customers	<u>13,305</u>	<u>16</u>	<u>13,321</u>
<b>Geographical markets</b>			
Singapore	<u>13,305</u>	<u>16</u>	<u>13,321</u>
Total revenue from contracts with customers	<u>13,305</u>	<u>16</u>	<u>13,321</u>
<b>Timing of revenue recognition</b>			
At a point of time	<u>13,305</u>	<u>16</u>	<u>13,321</u>
Total revenue from contracts with customers	<u>13,305</u>	<u>16</u>	<u>13,321</u>

#### (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.

As the provision of these services are at a period of one year or less as permitted under HKFRS 15, the transaction price allocation to the unsatisfied contracts is not disclosed.

## 6. OPERATING SEGMENT INFORMATION

The Group is principally engaged in restaurant operations and sale of food ingredients. 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 is relatively insignificant and is ancillary to the restaurant operations. Accordingly, no segmental analysis is presented.

### Geographical information

The Group's restaurant operations and sale of food ingredients are located in Singapore.

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	
	2023	2022	2023	2022
	SGD'000	SGD'000	SGD'000	SGD'000
Singapore	5,936	13,321	30	1,446

*Note:* Non-current assets exclude intangible assets and corporate assets located in Hong Kong, 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 2023

## 7. OTHER GAINS AND (LOSSES), NET

	2023 SGD'000	2022 SGD'000
Exchange gain/(loss), net	1	(82)
Loss on write off of plant and equipment	(62)	–
Gains on remeasurement of lease contracts	–	55
Impairment loss on plant and equipment	–	(572)
Impairment loss on right-of-use assets	(223)	(349)
Impairment loss on intangible assets	(88)	(102)
Government grants*:		
– Jobs support scheme	102	36
– Rental support scheme	–	413
– Other government grants	–	20
Gains on termination of leases	192	–
Management fee income	80	193
Others	272	352
	<b>274</b>	<b>(36)</b>

\* The amount represents grants 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

	2023 SGD'000	2022 SGD'000
Interest on other borrowings	115	384
Interest on lease liabilities	63	351
Interest on trust receipt loans	–	3
	<b>178</b>	<b>738</b>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 9. LOSS BEFORE TAX

	2023 SGD'000	2022 SGD'000
The Group's loss before tax is arrived at after charging/(crediting):		
Auditor's remuneration		
– Current	121	117
Amortisation of intangible assets	20	37
Depreciation of plant and equipment	329	737
Loss on write off of plant and equipment	62	–
Depreciation of right-of-use assets	550	1,193
Reversal of impairment loss of trade receivables, net	–	(3)
Reversal of impairment loss of other receivables, net	–	(19)
Employee benefit expenses excluding directors' and chief executive's remuneration		
– Salaries and allowances	2,861	4,302
– Retirement benefit contributions	177	357
	<b>3,038</b>	4,659
Lease payments not included in the measurement of lease liabilities	<b>296</b>	476



# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 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 2023 (2022: Nil).

Singapore Corporate Income Tax has been provided at 17% (2022: 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.

	2023 SGD'000	2022 SGD'000
Current – Singapore		
Provision for the year	132	90
Over provision in prior years	–	(17)
Total tax expense for the year	132	73

A reconciliation of the income tax expense applicable to loss before tax at the statutory rates of Singapore, to the tax expense is as follows:

	2023 SGD'000	2022 SGD'000
Loss before tax	(2,271)	(2,560)
Tax charged at the domestic income tax rate of 17%	(386)	(435)
Expenses not deductible for tax	433	458
Tax losses not recognised	100	147
Income not subject to tax	(15)	(80)
Over provision in respect of prior years	–	(17)
Income tax expense for the year	132	73

## 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:

	2023 SGD'000	2022 SGD'000
Fees	51	51
Other emoluments:		
Salaries and allowances	209	369
Retirement benefit contributions	6	18
	<b>215</b>	<b>387</b>
	<b>266</b>	<b>438</b>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 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 2023			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")	-	26	-	26
Ms. Wong Pui Kei, Peggy	-	62	3	65
Mr. Zhou Junqi <sup>1</sup>	-	62	-	62
Mr. Xie Jianlong <sup>2</sup>	-	-	-	-
Mr. Chiang Ming Chun <sup>3</sup>	6	55	3	64
Mr. Li Junjian <sup>4</sup> (Chief Executive)	-	-	-	-
Sub-total	6	205	6	217
<b>Non-executive director</b>				
Mr. Liu Junjie <sup>5</sup>	-	-	-	-
Sub-total	-	-	-	-
<b>Independent non-executive directors</b>				
Mr. Law Chun Lam, Nelson <sup>6</sup>	16	-	-	16
Mr. Lee Ming Yeung, Michael <sup>7</sup>	8	4	-	12
Mr. Chau Wing Nam <sup>8</sup>	21	-	-	21
Sub-total	45	4	-	49
Total	51	209	6	266

## 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			
	Directors' fee SGD'000	Salaries and allowances SGD'000	Retirement benefit contributions SGD'000	Total 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	–	59	3	62
Mr. Zhou Junqi <sup>1</sup>	–	63	–	63
Mr. Xie Jianlong <sup>2</sup>	–	–	–	–
Sub-total	–	369	18	387
<b>Non-executive director</b>				
Mr. Liu Junjie <sup>5</sup>	–	–	–	–
Sub-total	–	–	–	–
<b>Independent non-executive directors</b>				
Mr. Law Chun Lam, Nelson <sup>6</sup>	21	–	–	21
Mr. Lee Ming Yeung, Michael <sup>7</sup>	9	–	–	9
Mr. Chau Wing Nam <sup>8</sup>	5	–	–	5
Ms. Huang Qingrong <sup>10</sup>	–	–	–	–
Mr. Ong King Keung <sup>11</sup>	16	–	–	16
Sub-total	51	–	–	51
Total	51	369	18	438

<sup>1</sup> Resigned on 13 December 2023

<sup>2</sup> Appointed on 10 January 2022 and retired on 28 February 2023

<sup>3</sup> Appointed on 31 October 2022

<sup>4</sup> Appointed on 25 July 2023

<sup>5</sup> Removed on 27 October 2022

<sup>6</sup> Resigned on 1 June 2023

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

<sup>8</sup> Appointed on 6 June 2022

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

<sup>10</sup> Resigned on 15 September 2021

<sup>11</sup> 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 director's emoluments shown above were for his services as a director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

## Notes to the Consolidated Financial Statements (Continued)

31 August 2023

### 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 two directors (2022: one director), details of whose emoluments are set out in (a) above. Details of the remuneration for the year of the remaining three (2022: four) individuals who are neither a director nor chief executive of the Company are as follows:

	2023 SGD'000	2022 SGD'000
Salaries, allowances and other benefits	364	414
Retirement benefit contributions	19	65
	<u>383</u>	<u>479</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:

	2023 No. of employees	2022 No. of employees
Nil to HK\$1,000,000	<u>3</u>	<u>4</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.

## 12. DIVIDEND

No dividend was paid or proposed during the year ended 31 August 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

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

The calculation of the basic and diluted loss based on:

	2023 SGD'000	2022 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>(2,317)</u>	<u>(2,558)</u>

	Number of shares 2023	2022 (restated)
<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>45,467,000</u>	<u>44,000,000</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 (2022: Nil).

# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 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 2021	597	415	753	6,360	48	8,173
Additions	6	-	-	-	22	28
Written off	(21)	-	-	(1,177)	-	(1,198)
Exchange realignment	(1)	-	-	-	-	(1)
At 31 August 2022 and 1 September 2022	581	415	753	5,183	70	7,002
Additions	22	-	1	-	-	23
Written off	(180)	(111)	(228)	(456)	-	(975)
<b>At 31 August 2023</b>	<b>423</b>	<b>304</b>	<b>526</b>	<b>4,727</b>	<b>70</b>	<b>6,050</b>
<b>ACCUMULATED DEPRECIATION/ IMPAIRMENT</b>						
At 1 September 2021	468	240	432	5,314	42	6,496
Provided for the year	71	75	112	471	8	737
Impairment loss recognised	-	-	-	572	-	572
Eliminated on written off	(21)	-	-	(1,177)	-	(1,198)
At 31 August 2022 and 1 September 2022	518	315	544	5,180	50	6,607
Provided for the year	55	91	178	1	4	329
Eliminated on written off	(157)	(102)	(199)	(455)	-	(913)
<b>At 31 August 2023</b>	<b>416</b>	<b>304</b>	<b>523</b>	<b>4,726</b>	<b>54</b>	<b>6,023</b>
<b>NET CARRYING AMOUNT</b>						
<b>At 31 August 2023</b>	<b>7</b>	<b>-</b>	<b>3</b>	<b>1</b>	<b>16</b>	<b>27</b>
At 31 August 2022	63	100	209	3	20	395

## 14. PLANT AND EQUIPMENT (Continued)

### Write off of plant and equipment

During the year, the Group ceased the operations of several restaurants which are making losses. It has caused the Group to write off certain of the net book value of computer and office equipment, furniture and fittings, kitchen equipment and leasehold improvements of these restaurants with carrying amounts before write off of SGD62,000 (2022: SGDNil).

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

In view of continuous loss from restaurant operations, the management has performed an assessment on the Group's non-current assets, primarily comprising plant and equipment, right-of-use assets and intangible assets related to restaurant operations as at 31 August 2022 and 2023 when impairment indicators were identified. 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.

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 restaurants which incurred losses or to be ceased subsequent to the reporting period.

As at 31 August 2023, the aggregate net carrying amounts which approximately to the recoverable amounts of the plant and equipment, right-of-use assets and intangible assets are SGD27,000 (2022: SGD395,000), SGDNil (2022: SGD748,000) and SGDNil (2022: SGD108,000) respectively. During the year ended 31 August 2023, impairment loss of plant and equipment, right-of-use assets and intangible assets amounting of SGDNil (2022: SGD572,000), SGD223,000 (2022: SGD349,000) and SGD88,000 (2022: SGD102,000) 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 years based on lease agreements. 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.



# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 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:

	<b>Properties</b> SGD'000
As at 1 September 2021	2,387
Additions	426
Depreciation charge	(1,193)
Impairment loss recognised	(349)
Reassessment of lease term arising from a decision not to exercise the extension option	(523)
	<hr/>
At 31 August 2022 and 1 September 2022	748
Additions	128
Depreciation charge	(550)
Termination of lease	(103)
Impairment loss recognised	(223)
	<hr/>
<b>At 31 August 2023</b>	<b>-</b>
	<hr/> <hr/>

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

During the year ended 31 August 2023, the Group entered a lease for office purpose, including an extension option, management expects not to exercise this option. The Group recognised additions to right-of-use assets and lease liabilities, amounting to SGD128,000 and SGD121,000 respectively.

During the year ended 31 August 2022, the assessment of reasonable certainty to exercise extension options was revised. The financial effect of revising lease terms to reflect the effect of exercising extension options was a decrease in recognised right-of-use assets and lease liabilities of SGD523,000 and SGD578,000 respectively.

## 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:

	2023 SGD'000	2022 SGD'000
Carrying amount at 1 September	2,058	5,791
New leases	121	22
Accretion of interest recognised during the year	63	351
Payments	(1,620)	(3,528)
Reassessment of lease term arising from a decision not to exercise the extension option	–	(578)
Termination of lease	(295)	–
	<hr/>	<hr/>
Carrying amount at 31 August	<b>327</b>	2,058
	<hr/> <hr/>	<hr/> <hr/>
Analysed into:		
Current portion	271	1,586
Non-current portion	56	472
	<hr/>	<hr/>
	<b>327</b>	2,058
	<hr/> <hr/>	<hr/> <hr/>

The maturity analysis of lease liabilities is disclosed in Note 30 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 15. LEASES (Continued)

### The Group as a lessee (Continued)

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

	2023 SGD'000	2022 SGD'000
Interest on lease liabilities	63	351
Depreciation charge of right-of-use assets	550	1,193
Impairment loss of right-of-use assets	223	349
Expense relating to short-term leases (included in rental and related expenses)	246	313
Expense relating to leases of low-value assets (included in rental and related expenses)	–	61
Variable lease payments not included in the measurement of lease liabilities (included in rental and related expenses)	50	102
Total amount recognised in profit or loss	1,132	2,369

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 lessor. As at 31 August 2023, extension options expected not to be exercised which are payable within five years SGD91,000 (2022: payable within five years: SGD530,000). The leases for restaurants which contain extension options expected not to be exercised as at 31 August 2022 and 31 August 2023 will not be renewed.

### (d) 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 leases are SGD50,000 (2022: SGD102,000).

## 16. INTANGIBLE ASSETS

	Franchise and licensing rights SGD'000
<b>COST</b>	
<b>At 1 September 2021, 31 August 2022, 1 September 2022 and 31 August 2023</b>	<b>1,462</b>
<b>ACCUMULATED AMORTISATION</b>	
At 1 September 2021	1,215
Provided for the year	37
Impairment loss recognised	102
	<hr/>
At 31 August 2022 and 1 September 2022	1,354
Provided for the year	20
Impairment loss recognised	88
	<hr/>
<b>At 31 August 2023</b>	<b>1,462</b>
	<hr/>
<b>NET CARRYING AMOUNTS</b>	
<b>At 31 August 2023</b>	<b>-</b>
	<hr/> <hr/>
At 31 August 2022	108
	<hr/> <hr/>

The intangible assets represent the franchise rights acquired from independent third parties for restaurant operations. 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.

Subsequent to the reporting period, the Group cease the restaurant operations operating under the franchise and licensing rights of which impairment loss had been recognised on the respective franchise right amounting to SGD88,000 in the profit or loss for the year ended 31 August 2023.

During the year ended 31 August 2022, the Group ceased the operations of a restaurant. This has caused the Group to recognise impairment loss on respective franchise right amounting to SGD102,000 in profit or loss.

## 17. INVENTORIES

	2023 SGD'000	2022 SGD'000
Food ingredients	125	49
	<hr/> <hr/>	<hr/> <hr/>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

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

	Notes	2023 SGD'000	2022 SGD'000
Trade receivables		501	360
Less: Impairment		(306)	(306)
Trade receivables, net	(a)	195	54
Other receivables	(b)	721	447
Rental and other deposits		247	887
Prepayments		47	43
		1,210	1,431
Less: Rental and other deposits classified as non-current assets		(6)	(308)
Trade and other receivables, deposits and prepayments – current portion		1,204	1,123

Notes:

### (a) Trade receivables

The Group's trading terms with its customers for restaurant operations are mainly on cash, credit card and online-platform settlement. Generally, there is no credit period granted to customers, except for certain customers 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 the invoice date for restaurant operations and sale of food ingredients, is as follows:

	2023 SGD'000	2022 SGD'000
0 – 30 days	–	42
31 – 60 days	19	1
61 – 90 days	28	1
Over 90 days	148	10
	195	54

## 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:

	2023 SGD'000	2022 SGD'000
At beginning of year	306	309
Reversal of impairment loss, net	-	(3)
At end of year	306	306

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 and forward-looking adjustments. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. 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 2023

	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%	42%
Gross carrying amount (SGD'000)	19	28	148	-	306	501
Expected credit losses (SGD'000)	-	-	-	-	306	306

#### 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)	43	1	10	-	306	360
Expected credit losses (SGD'000)	-	-	-	-	306	306

# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 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:

	2023 SGD'000	2022 SGD'000
At beginning of year	538	557
Reversal of impairment loss, net	—	(19)
At end of year	<u>538</u>	<u>538</u>

In the opinion of the directors, the impairment of other receivables of SGD538,000 (2022: SGD538,000) 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.

## 19. TRADE AND OTHER PAYABLES AND ACCRUALS

	Notes	2023 SGD'000	2022 SGD'000
Trade payables	(a)	528	903
Goods and services tax payables		253	359
Salaries payables		409	491
Accruals		1,549	1,402
Other payables	(b)	<u>3,370</u>	<u>1,755</u>
		<u>6,109</u>	<u>4,910</u>

## 19. TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

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:

	2023 SGD'000	2022 SGD'000
0 – 30 days	57	243
31 – 60 days	49	196
61 – 90 days	46	170
Over 90 days	376	294
	528	903

- (b) Other payables comprised of amount due to substantial shareholders and directors of the subsidiaries of the Company, Mr. Terence Lai and Mr. Ho, total amounting to SGD1,278,000 (2022: SGDNil) and SGD427,000 (2022: SGDNil) respectively.

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

The amounts due to holding company and non-controlling interests are non-trade in nature, unsecured, interest-free and repayable on demand.

The amount due to a director is non-trade in nature, unsecured, interest-free and repayable in November 2024.

## 21. CASH AND BANK BALANCES

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

## 22. INTEREST-BEARING OTHER BORROWINGS

	2023 SGD'000	2022 SGD'000
Unsecured and repayable within one year: Term loans	677	562

The Group's other borrowings carry interest at fixed rate of 48% per annum. The amount included the outstanding principal and interests of SGD508,000 (2022: SGD508,000) and SGD169,000 (2022: SGD54,000) which were payable on 26 October 2022 and 15 March 2023 respectively.



## Notes to the Consolidated Financial Statements (Continued)

31 August 2023

### 23. 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
<b>At 1 September 2021, 31 August 2022, 1 September 2022 and 31 August 2023</b>	<b>34</b>

The Group has unrecognised tax losses and wear and tear allowances arising in Singapore and Malaysia of SGD2,734,000 and SGD220,000 (2022: SGD2,146,000 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.

### 24. PROVISION FOR REINSTATEMENT COSTS

	SGD'000
At 1 September 2021	193
Provision recognised	426
Utilisation	(66)
Imputed interest expense	9
<b>At 31 August 2022 and 1 September 2022</b>	<b>562</b>
Provision recognised	6
Utilisation	(514)
Imputed interest expense	7
<b>At 31 August 2023</b>	<b>61</b>

	<b>2023</b>	2022
	SGD'000	SGD'000
Analysed as:		
Current	55	206
Non-current	6	356
	<b>61</b>	<b>562</b>

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.

## 25. SHARE CAPITAL

	2023 HK\$'000	2022 HK\$'000
<b>Authorised</b>		
400,000,000 Ordinary shares of HK\$0.10 each (2022: 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:

	<i>Notes</i>	Number of shares	Share capital HK'000	Shown in the consolidated financial statements SGD'000
<b>Issued and fully paid</b>				
At 1 September 2021, 31 August 2022, 1 September 2022		440,000,000	4,400	764
Share consolidation	(a)	(396,000,000)	–	–
Placing of shares	(b)	8,800,000	880	151
<b>At 31 August 2023</b>		<b>52,800,000</b>	<b>5,280</b>	<b>915</b>

Notes:

- (a) On 18 May 2022, the Company announced 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 was completed.
- (b) On 12 July 2023, the Company announced that it has entered into the placing agreement with the placing agent, pursuant to which, the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 8,800,000 placing shares to one or more Placee(s) at the Placing Price of HK\$0.282 per placing share (the "Placing"). The Placing was completed on 26 July 2023. Details are set out in the announcement on 26 July 2023.

## 26. 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.

## 26. SHARE OPTION SCHEMES (Continued)

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

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

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

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

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

Subsequent to the reporting period and pursuant to a resolution passed on 20 September 2023 (the “**Date of Grant**”) by the board of directors of the Company, a total of 2,112,000 share options were granted by the Company to eligible participants of the Group under the Share Option Scheme with exercise price of HK\$0.32 to subscribe for one ordinary share of the Company (the “**Share**”), which is the highest of the (i) the closing price of HK\$0.320 per Share as quoted on the Stock Exchange on the Date of Grant; (ii) the average closing price of HK\$0.306 per Share as quoted on the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK\$0.1 each of the Company’s Share. The Options shall be valid for 5 years commencing from the Date of Grant, 100% of the Options will be vested on, and exercisable from the Date of Grant.

Subsequent to the reporting period and pursuant to a resolution passed on 27 October 2023 (the “Date of Grant”) by the board of directors of the Company, a total of 1,888,000 share options were granted by the Company to eligible participants of the Group under the Share Option Scheme with exercise price of HK\$0.319 to subscribe for one ordinary share of the Company (the “Share”), which is the highest of the (i) the closing price of HK\$0.310 per Share as quoted on the Stock Exchange on the Date of Grant; (ii) the average closing price of HK\$0.319 per Share as quoted on the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK\$0.1 each of the Company’s Share. The Options shall be valid for 5 years commencing from the Date of Grant, 100% of the Options will be vested on, and exercisable from the Date of Grant.

## 27. 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 2022 SGD'000	Financing cash flows SGD'000	Non-cash changes SGD'000 (Note)	As at 31 August 2023 SGD'000
Interest-bearing other borrowings	562	–	115	677
Lease liabilities	2,058	(1,620)	(111)	327
	<u>2,620</u>	<u>(1,620)</u>	<u>4</u>	<u>1,004</u>

	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 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>

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

### (b) Total cash outflow for leases

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

	2023 SGD'000	2022 SGD'000
Within operating activities	296	476
Within financing activities	1,620	3,528
	<u>1,916</u>	<u>4,004</u>

# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 28. 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)/profit allocated to non-controlling interests		Other comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	2023	2022	2023	2022	2023	2022
				SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Kogane Yama Restaurants Pte. Ltd.	Singapore	40%	40%	(64)	61	-	-	(436)	(372)
Kota Bak Kut Teh (SG) Pte. Ltd.	Singapore	10%	10%	(5)	(59)	-	-	(83)	(78)
Kota Bak Kut Teh (SRG) Pte. Ltd.	Singapore	20%	20%	(17)	(77)	-	-	(207)	(190)
K food Master Holdings Sdn. Bhd.	Malaysia	40%	40%	-	-	22	12	(299)	(321)
				(86)	(75)	22	12	(1,025)	(961)

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.

	2023 SGD'000	2022 SGD'000
Current assets	1,221	944
Non-current assets	40	36
Current liabilities	2,281	1,840
Non-current liabilities	69	69
Equity attributable to owner of the parent	(653)	(557)
Non-controlling interest	(436)	(372)

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

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

	2023 SGD'000	2022 SGD'000
Income	563	1,915
Expenses	(723)	(1,763)
(Loss)/profit and total comprehensive (loss)/income for the year	<u>(160)</u>	<u>152</u>
(Loss)/profit and total comprehensive (loss)/income attributable to owner of the parent	(96)	91
(Loss)/profit and total comprehensive (loss)/income attributable to non-controlling interest	(64)	61
(Loss)/profit and total comprehensive (loss)/income for the year	<u>(160)</u>	<u>152</u>
Net cash inflow from operating activities	15	414
Net cash outflow from investing activities	(18)	–
Net cash outflow from financing activities	–	(428)
Net cash inflow/(outflow)	<u>3</u>	<u>(14)</u>

## Notes to the Consolidated Financial Statements (Continued)

31 August 2023

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

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

	2023 SGD'000	2022 SGD'000
Current assets	129	118
Non-current assets	6	100
Current liabilities	921	930
Non-current liabilities	47	76
Equity attributable to owner of the parent	(750)	(710)
Non-controlling interest	(83)	(78)
Income	116	957
Expenses	(161)	(1,549)
Loss and total comprehensive loss for the year	(45)	(592)
Loss and total comprehensive loss attributable to owner of the parent	(40)	(533)
Loss and total comprehensive loss attributable to non-controlling interest	(5)	(59)
Loss and total comprehensive loss for the year	(45)	(592)
Net cash inflow from operating activities	8	190
Net cash outflow from financing activities	(17)	(212)
Net cash outflow	(9)	(22)

## Notes to the Consolidated Financial Statements (Continued)

31 August 2023

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

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

	2023 SGD'000	2022 SGD'000
Current assets	–	–
Non-current assets	53	72
Current liabilities	1,045	870
Non-current liabilities	47	154
Equity attributable to owner of the parent	(832)	(762)
Non-controlling interest	(207)	(190)
Income	242	1,095
Expenses	(329)	(1,481)
Loss and total comprehensive loss for the year	(87)	(386)
Loss and total comprehensive loss attributable to owner of the parent	(70)	(309)
Loss and total comprehensive loss attributable to non-controlling interest	(17)	(77)
Loss and total comprehensive loss for the year	(87)	(386)
Net cash inflow from operating activities	103	296
Net cash outflow from financing activities	(106)	(366)
Net cash outflow	(3)	(70)



# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 29. 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	2023 SGD'000	2022 SGD'000
Substantial shareholder			
– Mr. Derek Lai Weikang	Staff costs	36	133
– 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	48	96

\* Common shareholder

### (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.

## 30. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

All the Group's financial assets and liabilities as at 31 August 2023 and 2022 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, director, and non-controlling interests, interest-bearing other borrowings and lease liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Interest rate risk

The Group is exposed to fair value interest rate risk which arise from lease liabilities (note 15). The Group is exposed to cash flow interest rate risk in relation to bank balances (note 21) and interest-bearing other borrowings (note 22) as at 31 August 2023 and 2022. The interest-bearing other borrowings carry interest at fixed rate of 48% per annum. The management does not expect that bank balances to have significant cash flow interest rate risk as the bank deposit rate 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.

## 30. FINANCIAL INSTRUMENTS (Continued)

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

#### **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 in the event of the counterparties' failure to perform its obligations is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group applies ECL model under which the Group measures the loss allowance equal to 12-month ECL for all the Group's financial assets, unless when there has been a significant increase in credit risk since initial recognition in which circumstance the Group recognises lifetime ECL. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis. The directors of the Company believe that there are no significant increase in credit risk of the Group's financial asset since initial recognition.

The Group does not provide any other guarantees which would expose the Group to credit risk.

#### *Other receivables and deposits/bank balances/due from holding company*

Except for specific in nature's other receivables no allowance has been recognised for other receivables and deposits/bank balances/amount due from holding company as the expected loss for these balances is immaterial under 12-month ECL model based on the Group's assumption on the rates of default of respective counterparties taking into account forward-looking information.

The credit risk on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies. The ECL for these balances was insignificant.

#### *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.

# Notes to the Consolidated Financial Statements (Continued)

31 August 2023

## 30. FINANCIAL INSTRUMENTS (Continued)

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

Maximum exposure and year-end staging (Continued)

As at 31 August 2023

	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	-	-	-	501	501
Due from holding company	29	-	-	-	29
Financial assets included in other receivables and deposits	968	-	538	-	1,506
Cash and bank balances	234	-	-	-	234
	<u>1,231</u>	<u>-</u>	<u>538</u>	<u>501</u>	<u>2,270</u>

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
Due from holding company	27	-	-	-	27
Financial assets included in other receivables and deposits	1,334	-	538	-	1,872
Cash and bank balances	108	-	-	-	108
	<u>1,469</u>	<u>-</u>	<u>538</u>	<u>360</u>	<u>2,367</u>

## 30. 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 1 year SGD'000	1-2 years SGD'000	2-5 years SGD'000	Total undiscounted cash flows SGD'000	Carrying amount SGD'000
<b>At 31 August 2023</b>						
Trade and other payables	N/A	4,560	-	-	4,560	4,560
Due to non-controlling interests	N/A	84	-	-	84	84
Due to a director	5.9%	-	2,706	-	2,706	2,515
Interest-bearing other borrowings	48%	677	-	-	677	677
Lease liabilities	5.8%-9.1%	279	59	-	338	327
		<u>5,600</u>	<u>2,765</u>	<u>-</u>	<u>8,365</u>	<u>8,163</u>
<b>At 31 August 2022</b>						
Trade and other payables	N/A	3,508	-	-	3,508	3,508
Due to non-controlling interests	N/A	89	-	-	89	89
Due to a director	N/A	1,059	-	-	1,059	1,059
Interest-bearing other borrowings	48%	676	-	-	676	562
Lease liabilities	5.8%	1,686	482	-	2,168	2,058
		<u>7,018</u>	<u>482</u>	<u>-</u>	<u>7,500</u>	<u>7,276</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 2023

## 31. 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 and a director disclosed in Note 20, interest-bearing other borrowings disclosed in Note 22, 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 new share issues as well as the issue of new debt or the redemption of existing debt.

## 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 SGD'000	2022 SGD'000
<b>Non-current Assets</b>		
Investments in subsidiaries	–	79
Plant and equipment	2	4
<b>Total Non-current Assets</b>	<b>2</b>	<b>83</b>
<b>Current Assets</b>		
Due from holding company	12	12
<b>Total Current Assets</b>	<b>12</b>	<b>12</b>
<b>Current Liabilities</b>		
Other payables and accruals	1,036	693
Due to subsidiaries	83	86
Due to a director	–	204
<b>Total Current Liabilities</b>	<b>1,119</b>	<b>983</b>
<b>Net Current Liabilities</b>	<b>(1,107)</b>	<b>(971)</b>
<b>Total Assets less Current Liabilities</b>	<b>(1,105)</b>	<b>(888)</b>
<b>Non-current liabilities</b>		
Due to a director	257	–
<b>Total Non-current Liabilities</b>	<b>257</b>	<b>–</b>
<b>Net Liabilities</b>	<b>(1,362)</b>	<b>(888)</b>
<b>Equity</b>		
Share capital	913	764
Reserves	(2,275)	(1,652)
<b>Deficit in Assets</b>	<b>(1,362)</b>	<b>(888)</b>

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

### Movement in the Company's reserves:

	Share premium and translation reserves SGD'000	Accumulated losses SGD'000	Deficit in assets SGD'000
At 1 September 2021	11,853	(12,925)	(1,072)
Loss and total comprehensive loss for the year	—	(580)	(580)
At 31 August 2022 and 1 September 2022	11,853	(13,505)	(1,652)
Placing of shares	260	—	260
Exchange differences arising on translation to presentation currency	32	—	32
Loss and total comprehensive loss for the year	—	(915)	(915)
At 31 August 2023	12,145	(14,420)	(2,275)

As at 31 August 2023, share premium and translation reserves include share premium and translation reserve with balances of SGD12,113,000 (2022: SGD11,853,000) and SGD32,000 (2022: SGDNil) respectively.

## 33. EVENT AFTER THE REPORTING PERIOD

- i) Reference is made to the announcement 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). The related liabilities have been recognised in full in the consolidated financial statements.

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

- ii) On 18 January 2024, the Company entered into a sales and purchase agreement to acquire 765,000 shares representing 51% of the total issued shares of the target company principally engaged in Western cuisine restaurant operations in Hong Kong under the business name of “風車 Windmill Restaurant & Bar” at a consideration of SGD172,000 (equivalent to approximately HK\$1,000,000). Details are set out in the announcement dated 18 January 2024.

## 34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 January 2024.

## Financial Summary

	Year ended 31 August 2023 SGD'000	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
Revenue	5,936	13,321	15,431	14,916	15,705
Loss before tax	(2,271)	(2,560)	(6,947)	(7,991)	(3,494)
Income tax	(132)	(73)	18	26	7
Loss for the year/period	(2,403)	(2,633)	(6,929)	(7,965)	(3,487)
<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	86	30	7	5	1
Total comprehensive loss for the year/period	(2,317)	(2,603)	(6,922)	(7,960)	(3,486)
Loss for the year/period attributable to:					
– Owners of the parent	(2,317)	(2,558)	(6,722)	(7,405)	(3,367)
– Non-controlling interests	(86)	(75)	(207)	(560)	(120)
	(2,403)	(2,633)	(6,929)	(7,965)	(3,487)
Total comprehensive loss attributable to:					
– Owners of the parent	(2,253)	(2,540)	(6,718)	(7,402)	(3,367)
– Non-controlling interests	(64)	(63)	(204)	(558)	(119)
	(2,317)	(2,603)	(6,922)	(7,960)	(3,486)
	<b>31 August 2023 SGD'000</b>	<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>
Total assets	1,625	2,866	7,308	19,796	12,881
Total liabilities	(10,029)	(9,364)	(11,203)	(16,769)	(4,501)
	(8,404)	(6,498)	(3,895)	3,027	8,380
Equity attributable to:					
– Owners of the parent	(7,379)	(5,537)	(2,997)	3,721	8,516
– Non-controlling interests	(1,025)	(961)	(898)	(694)	(136)
	(8,404)	(6,498)	(3,895)	3,027	8,380

The summary of the consolidated results of the Group for the year ended 31 August 2023, 31 August 2022, 31 August 2021, 31 August 2020 and period from 1 October 2018 to 31 August 2019 and the consolidated assets and liabilities of the Group as at 31 August 2023, 31 August 2022, 31 August 2021, 31 August 2020 and 31 August 2019 have been extracted from the published annual report.

The summary above does not form part of the audited consolidated financial statements.