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**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)**

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS  
FOR THE NINE MONTHS ENDED 30 JUNE 2018**

The board of directors (the “**Directors**”) of K Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”, respectively) announces the unaudited financial results of the Group for the three months and nine months ended 30 June 2018. This announcement, containing the full text of the 2017/18 third quarterly report of the Company (the “**2017/18 Third Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM**” and the “**GEM Listing Rules**”, respectively) in relation to information to accompany preliminary announcement of quarterly results. The printed version of the 2017/18 Third Quarterly Report containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.kgroup.com.hk](http://www.kgroup.com.hk) in due course in the manner as required by the GEM Listing Rules.

For and on behalf of  
**K Group Holdings Limited**  
**Lai Weijie Terence**  
*Chairman and Executive Director*

Hong Kong, 13 August 2018

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at [www.kgroup.com.hk](http://www.kgroup.com.hk).*

# 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



## 2018 THIRD QUARTERLY REPORT

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

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## THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) presents the unaudited condensed combined financial information of the Company and its subsidiaries (collectively the “Group”) for the three months and the nine months ended 30 June 2018 (the “Periods”) together with comparative unaudited figures for the corresponding periods in 2017 as follows:

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

	Notes	Three months ended 30 June		Nine months ended 30 June	
		2018 (unaudited) SGD'000	2017 (unaudited) SGD'000	2018 (unaudited) SGD'000	2017 (unaudited) SGD'000
Revenue	3	<b>4,175</b>	3,120	<b>11,526</b>	9,839
Other income and gains and loss, net	4	<b>60</b>	86	<b>236</b>	273
Cost of inventories consumed		<b>(1,094)</b>	(785)	<b>(2,562)</b>	(2,680)
Staff costs		<b>(1,133)</b>	(803)	<b>(3,024)</b>	(2,301)
Depreciation and amortisation		<b>(194)</b>	(157)	<b>(533)</b>	(441)
Rental and related expenses		<b>(933)</b>	(734)	<b>(2,660)</b>	(2,047)
Utility expenses		<b>(85)</b>	(65)	<b>(239)</b>	(175)
Marketing and advertising expenses		<b>(59)</b>	(46)	<b>(166)</b>	(185)
Franchise and licensing fees		<b>(10)</b>	(14)	<b>(66)</b>	(67)
Listing expenses		<b>(655)</b>	–	<b>(2,678)</b>	–
Other expenses		<b>(439)</b>	(308)	<b>(1,452)</b>	(937)
Finance costs		<b>(23)</b>	(11)	<b>(73)</b>	(34)
Share of results of an associate		<b>–</b>	(78)	<b>–</b>	(113)
(Loss) profit before tax	5	<b>(390)</b>	205	<b>(1,691)</b>	1,132
Income tax expense	6	<b>(66)</b>	(59)	<b>(194)</b>	(248)
(Loss) profit for the period		<b>(456)</b>	146	<b>(1,885)</b>	884

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

	Three months ended		Nine months ended	
	30 June		30 June	
	2018 (unaudited) SGD'000	2017 (unaudited) SGD'000	2018 (unaudited) SGD'000	2017 (unaudited) SGD'000
<b>Other comprehensive (expense) income</b>				
<i>Item that may be subsequently reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(2)	2	8	(5)
Total comprehensive (expense) income for the period	<b>(458)</b>	148	<b>(1,877)</b>	879
(Loss) profit for the period attributable to:				
Owners of the Company	<b>(462)</b>	162	<b>(1,832)</b>	929
Non-controlling interests	<b>6</b>	(16)	<b>(53)</b>	(45)
	<b>(456)</b>	146	<b>(1,885)</b>	884
Total comprehensive (expense) income attributable to:				
Owners of the Company	<b>(464)</b>	163	<b>(1,827)</b>	926
Non-controlling interests	<b>6</b>	(15)	<b>(50)</b>	(47)
	<b>(458)</b>	148	<b>(1,877)</b>	879

# UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital SGD'000	Other reserve SGD'000	Retained profits/ accumulated losses SGD'000	Translation reserve SGD'000	Sub-total SGD'000	Non-controlling interests SGD'000	Total SGD'000
At 1 October 2017 (audited)	1,751	-	1,806	(2)	3,555	103	3,658
Loss for the period	-	-	(1,832)	-	(1,832)	(53)	(1,885)
Exchange differences arising on translation of foreign operations	-	-	-	5	5	3	8
Total comprehensive (expense) income for the period	-	-	(1,832)	5	(1,827)	(50)	(1,877)
Dividend recognised as distribution (Note 7)	-	-	(600)	-	(600)	-	(600)
Issuance of ordinary shares by K Food Holdings Pte. Ltd. ("K Food Holdings")	2,743	-	-	-	2,743	-	2,743
Issuance of ordinary shares by K Investment Holdings Limited ("K Investment")	13	-	-	-	13	-	13
Transfer arising from the Reorganisation (as defined in Note 2) (Note a)	(4,481)	4,481	-	-	-	-	-
<b>At 30 June 2018 (unaudited)</b>	<b>26</b>	<b>4,481</b>	<b>(626)</b>	<b>3</b>	<b>3,884</b>	<b>53</b>	<b>3,937</b>
At 1 October 2016 (audited)	1,751	-	1,096	-	2,847	-	2,847
Profit (loss) for the period	-	-	929	-	929	(45)	884
Exchange differences arising on translation of foreign operations	-	-	-	(3)	(3)	(2)	(5)
Total comprehensive income (expense) for the period	-	-	929	(3)	926	(47)	879
Capital contributions from non-controlling interests	-	-	-	-	-	67	67
At 30 June 2017 (unaudited)	1,751	-	2,025	(3)	3,773	20	3,793

Note:

- (a) The other reserve represents the difference between the nominal value of the share capital issued by K Investment for the acquisition of all the interests in K Food Holdings and the value of issued share capital of K Food Holdings.

# NOTES TO THE UNAUDITED CONDENSED COMBINED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 24 January 2018. Its parent and ultimate holding company is Canola Investment Holdings Limited (“Canola”). The issued shares of the Company (the “Shares”) have been listed on GEM since 13 August 2018. The registered office of the Company is situated at the offices of Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is situated at 1 Grange Road, Orchard Building, #12-01, Republic of Singapore (“Singapore”), 239693. The Company is an investment holding company. Its subsidiaries are principally engaged in the businesses of operations of restaurants in Singapore and Malaysia.

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

## 2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed combined financial information for the three months and the nine months ended 30 June 2018 together with the comparative unaudited figures for the corresponding periods in 2017 (the “Financial Information”) has been prepared in accordance with the accounting policies which conform with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules. The unaudited condensed combined financial information does not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Accountants’ Report set out in Appendix I to the prospectus of the Company dated 31 July 2018 (the “Prospectus”).

The accounting policies and method of computation used in the preparation of the Financial Information are consistent with those used in the preparation of the Accountants’ Report in the Prospectus.

In preparation for the initial listing of the Shares on GEM, the Group has undergone and completed a reorganisation (the “Reorganisation”) whereupon the Company became the holding company and the listing vehicle of the Group and the subsidiaries were transferred to the Company. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus.

# NOTES TO THE UNAUDITED CONDENSED COMBINED FINANCIAL INFORMATION

The Reorganisation involves interspersing the Company and other investment holding companies between K Food Holdings and its shareholders. Accordingly, the Financial Information has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the Periods. The unaudited condensed combined statement of profit or loss and other comprehensive income and unaudited condensed combined statement of changes in equity have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the Periods, or since their respective date of incorporation, where this is a shorter period.

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

The Group has not adopted the new and revised HKFRSs which have been issued but are not yet effective.

## 3. REVENUE

	Three months ended		Nine months ended	
	30 June		30 June	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Restaurant operations	<b>3,866</b>	3,024	<b>10,695</b>	9,060
Sales of food and food ingredients	<b>177</b>	22	<b>497</b>	275
Royalty income	<b>132</b>	74	<b>334</b>	504
	<b>4,175</b>	3,120	<b>11,526</b>	9,839

# NOTES TO THE UNAUDITED CONDENSED COMBINED FINANCIAL INFORMATION

## 4. OTHER INCOME AND GAINS AND LOSS, NET

	Three months ended 30 June		Nine months ended 30 June	
	2018 (unaudited) SGD'000	2017 (unaudited) SGD'000	2018 (unaudited) SGD'000	2017 (unaudited) SGD'000
Interest income	1	–	1	–
Rental income	42	63	168	189
Government grants (Note)	9	18	61	75
Exchange gain (loss), net	5	–	(2)	3
Others	3	5	8	6
	<b>60</b>	86	<b>236</b>	273

Note:

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

## 5. (LOSS) PROFIT BEFORE TAX

	Three months ended 30 June		Nine months ended 30 June	
	2018 (unaudited) SGD'000	2017 (unaudited) SGD'000	2018 (unaudited) SGD'000	2017 (unaudited) SGD'000
(Loss) profit before tax has been arrived at after charging:				
Auditor's remuneration	42	8	126	23
Amortisation of intangible assets	14	8	36	23
Depreciation of property, plant and equipment	180	149	497	418
Directors' remuneration	84	74	229	201
Other staff costs				
– Salaries and allowances	989	672	2,629	1,951
– Retirement benefit contributions	60	57	166	149
	<b>1,049</b>	729	<b>2,795</b>	2,100

# NOTES TO THE UNAUDITED CONDENSED COMBINED FINANCIAL INFORMATION

## 6. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 June		30 June	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Current tax				
– Singapore Corporate				
Income Tax	<b>61</b>	53	<b>180</b>	231
Deferred taxation	<b>5</b>	6	<b>14</b>	17
	<b>66</b>	59	<b>194</b>	248

Singapore Corporate Income Tax is calculated at 17% of the estimated assessable profit during the Periods.

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

## 7. DIVIDEND

During the nine months ended 30 June 2018, K Food Holdings declared and paid dividends of an aggregate amount of SGD600,000 in respect of the year ended 30 September 2017 to its shareholders. The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

No dividend has been paid or declared by the Company since its incorporation. The Board does not declare the payment of any dividend for the nine months ended 30 June 2018 (30 June 2017: Nil).

## 8. (LOSS) EARNINGS PER SHARE

No (loss) earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation and the results of the Group for the Periods that are prepared on a combined basis as set out in Note 2.

# NOTES TO THE UNAUDITED CONDENSED COMBINED FINANCIAL INFORMATION

## 9. SUBSEQUENT EVENTS

Saved as disclosed in the report, subsequent to 30 June 2018, the following significant events took place:

- (i) On 23 July 2018, a share option scheme (the “Share Option Scheme”) was conditionally approved and adopted by the then shareholders of the Company (the “Shareholders”). Details of the Share Option Scheme are set out in the section headed “Share Option Scheme” in Appendix IV to the Prospectus. The Share Option Scheme became effective on 13 August 2018. No option has been granted or agreed to be granted under the Share Option Scheme as at the date of this report.
- (ii) On 24 July 2018, the Reorganisation as detailed in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus was duly completed.
- (iii) On 13 August 2018, a total of 299,990,000 Shares were allotted and issued, credited as fully paid at par, by way of capitalisation of a sum of HK\$2,999,900 standing to the credit of the share premium account of the Company. Such Shares rank pari passu in all respects with the Shares then in issue.
- (iv) On 13 August 2018, 100,000,000 ordinary Shares with a par value of HK\$0.01 each of the Company were issued at a price of HK\$0.72 each by way of share offer (the “Share Offer”). On the same date, the issued Shares were listed on GEM.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECT

We are a multi-brand restaurant group headquartered in Singapore, of which our restaurants are mainly operated under a franchise model. We offer Korean and Japanese cuisines with casual dining concepts that target the middle-income mass market in Singapore, Malaysia and Indonesia.

As at the date of this report, we have 1 central kitchen under our self-developed brand “Gangnam Kitchen” and 12 self-operated restaurants under different brands, comprising (i) four self-operated restaurants in Singapore and one self-operated restaurant in Malaysia under the brand “Chir Chir” which are specialised in offering signature fried chicken dishes; (ii) two self-operated restaurants in Singapore under the brand “Masizzim” which are specialised in offering Korean stew dishes; (iii) two self-operated restaurants in Singapore under the brand “Korgane Yama” which are specialised in offering premium tendon bowls and Japanese rice bowls; (iv) two self-operated restaurants in Singapore under the brand “Nipong Naepong” which are specialised in offering Korean seafood noodles and pizza; and (v) one self-operated restaurant in Singapore under the brand “NY Night Market” which is specialised in offering international street food favourites as well as western fusion delights with a Korean touch.

As at the date of this report, we have also licensed the brand “Chir Chir” to an Indonesian licensee (the “Indonesian Licensee”) which has (i) set up and operated three restaurants under the same brand in Indonesia; and (ii) further sub-licensed the brand to four sub-licensees to set up and operate a total of four restaurants under the same brand in Indonesia.

The Shares were successfully listed on GEM on 13 August 2018 (the “Listing Date”). The Board believes that the listing of the Company on GEM (the “Listing”) would facilitate our future expansion and business growth.

Looking forward, we intend to become a leading restaurant operator in Singapore and to extend our network to other Southeast Asian countries. We plan to achieve our goals by utilising the net proceeds from the Listing to (i) continue to grow our business by procuring new franchised brands; (ii) open restaurants of existing brands outside the central area of Singapore; and (iii) develop more restaurant brands and continue to strengthen our regional presence, marketing efforts and information technology system.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The Group's revenue was mainly generated from (i) restaurant operations; (ii) sales of food and food ingredients; and (iii) royalty income.

The majority of the revenue was derived from the operations of our self-operated restaurants in Singapore and Malaysia. For the nine months ended 30 June 2018 and 2017, the revenue generated from restaurant operations amounted to approximately SGD10.7 million and SGD9.1 million respectively, representing an increase of approximately 18% over the corresponding period of the previous year. The increase was mainly attributable to the full-period operation of Masizzim (Westgate) in Singapore and Chir Chir (PV) in Malaysia and the commencement of operations of Kogane Yama (JEM), Nipong Naepong (JEM) and NY Night Market (Westgate) in Singapore during the nine months ended 30 June 2018. The increase in revenue was slightly offset by a decline in the number of customer visits due to continued development of non-traditional commercial areas in Singapore, which generally affected the private retail performance in the traditional commercial areas in Singapore where our restaurants are located.

Revenue from sales of food and food ingredients mainly represented (i) revenue from sales of food through the operation of Gangnam Kitchen which provides catering and delivery services of Korean food to customers in Singapore; and (ii) sales of food ingredients to the Indonesian Licensee. The revenue from sales of food and food ingredients increased from approximately SGD275,000 for the nine months ended 30 June 2017 to approximately SGD497,000 for the nine months ended 30 June 2018, representing an increase of approximately 81% as compared to the corresponding period of the previous year. The increase was mainly contributed from the commencement of operation of Gangnam Kitchen in August 2017 and offset by the decrease in sales of food ingredients to the Indonesian Licensee.

Royalty income represented the royalties from the Indonesian Licensee, Jaesan Food Holdings Sdn. Bhd. ("Jaesan Food Holdings") and Mr. Peh Kian Ghee ("Mr. Peh") pursuant to respective business partnership arrangements and sub-license arrangements which we have entered into. The revenue from royalty income decreased from approximately SGD504,000 for the nine months ended 30 June 2017 to approximately SGD334,000 for the nine months ended 30 June 2018, representing a decrease of approximately 34% as compared to the corresponding period of the previous year. The decrease was mainly attributable to the absence of store open fee received from the Indonesian Licensee, Jaesan Food Holdings and Mr. Peh for the opening of stores under "Chir Chir" and "Kogane Yama" for the nine months ended 30 June 2018, which were received during the corresponding period of the previous year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Cost of inventories consumed**

Cost of inventories consumed decreased from approximately SGD2.7 million for the nine months ended 30 June 2017 to approximately SGD2.6 million for the nine months ended 30 June 2018, representing a decrease of approximately 4% as compared to the corresponding period of the previous year. The decrease in cost of inventories consumed was mainly because (i) we commenced preparing our inhouse sauce for our “Masizzim” restaurants, instead of sourcing them from Korea since October 2017 in order to achieve cost saving; (ii) the commencement of operation of Kogane Yama (BJ) and “Gangnam Kitchen” both in Singapore in June 2017 and August 2017 respectively, which did not require sourcing sauces from Korea but only less expensive local food ingredients to prepare their food; (iii) the Indonesian Licensee commenced sourcing the sauce directly instead of from us since November 2017; and (iv) we substituted certain supplies with brands of more favourable prices and negotiated with certain of our suppliers for lower price as we increased the purchase volume.

## **Staff costs**

Staff costs increased from approximately SGD2.3 million for the nine months ended 30 June 2017 to approximately SGD3.0 million for the nine months ended 30 June 2018, representing an increase of approximately 31% as compared to the corresponding period of the previous year. The increase was mainly attributable to the increase in headcount of staff in view of the expansion of our network of self-operated restaurants and the commencement of operation of our central kitchen for the nine months ended 30 June 2018.

## **Rental and related expenses**

Rental and related expenses increased from approximately SGD2.0 million for the nine months ended 30 June 2017 to approximately SGD2.7 million for the nine months ended 30 June 2018, representing an increase of approximately 30% as compared to the corresponding period of the previous year. The increase in rental and related expenses was mainly attributable to the expansion of our network of self-operated restaurants and the commencement of operation of our central kitchen.

## **Listing expenses**

During the nine months period ended 30 June 2018, the Group recognised non-recurring listing expenses of approximately SGD2.7 million as expenses in connection with the Listing.

## **Finance costs**

The finance costs increased from approximately SGD34,000 for the nine months ended 30 June 2017 to approximately SGD73,000 for the nine months ended 30 June 2018, representing an increase of approximately 115% as compared to the corresponding period of the previous year. The increase was mainly due to an increase in bank loans to finance the opening of the four self-operated restaurants during the nine months ended 30 June 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **(Loss) profit for the period**

As a result of the foregoing, the Group recognised a loss of approximately SGD1.9 million for the nine months ended 30 June 2018. Excluding the non-recurring Listing expenses, the Group would have recorded a profit of approximately SGD793,000 for the nine months ended 30 June 2018, and our adjusted profit represented a decrease of approximately SGD91,000 or 10% as compared to the corresponding period of the previous year.

### **Borrowings**

As at 30 June 2018, in respect of outstanding bank loans in the amount of approximately SGD163,000, the Group might have triggered an event of default pursuant to the terms of a banking facility and these amounts were regarded as repayable on demand. For further details, please refer to the Prospectus.

### **Capital commitments**

As at 30 June 2018, we had capital commitments of approximately SGD87,000 (30 June 2017: SGD47,000) in respect of the leasehold improvements.

### **Contingent liabilities and pledge of assets**

As at 30 June 2018, the Group did not have any significant contingent liabilities and pledge of assets.

### **Significant investments held**

As at 30 June 2018, the Group did not have any significant investment held.

### **Use of proceeds from the Share Offer**

The Company intends to apply the net proceeds from the Share Offer, after deducting the expenses payable by the Company related to the Share Offer, for the purposes of (i) growing our business by procuring new franchised brands; (ii) developing more restaurant brands and strengthening our regional presence; (iii) strengthening our marketing efforts; (iv) enhancing operational efficiency by expanding our workforce; (v) enhancing operational efficiency by upgrading our information technology system; and (vi) repayment of outstanding bank borrowings.

Details of the Group's intended use of the net proceeds from the Share Offer are set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

The Listing took place on 13 August 2018. As at the Listing Date and the date of this report, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the 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 any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

<b>Name of Directors</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Share(s) (Note 1)</b>	<b>Approximate percentage of shareholding</b>
Mr. Lai Weijie, Terence ("Mr. Terence Lai") (Note 2)	Interest in a controlled corporation/interest held jointly with another person	216,990,000	54.25%
Mr. Yeap Wei Han, Melvyn ("Mr. Yeap") (Note 2)	Interest in a controlled corporation/interest held jointly with another person	216,990,000	54.25%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

<b>Name of Directors</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Share(s) (Note 1)</b>	<b>Approximate percentage of shareholding</b>
Mr. Ho Zhi Yi, Levi ("Mr. Ho") (Note 2)	Interest in a controlled corporation/interest held jointly with another person	216,990,000	54.25%
Mr. Tan Chien Fong ("Mr. Tan") (Note 2)	Interest in a controlled corporation/interest held jointly with another person	216,990,000	54.25%
Mr. Ng Yook Tim ("Mr. Ng") (Note 2)	Interest in a controlled corporation/interest held jointly with another person	216,990,000	54.25%

Notes:

- (1) All interests stated are long positions.
- (2) These Shares were held by Canola which was in turn owned as to approximately 33.69% by Mr. Terence Lai, 23.17% by Mr. Yeap, 16.85% by Mr. Ho, 12.64% by Mr. Tan, 12.64% by Mr. Ng and 1.01% by Mr. Lai Weikang, Derek ("Mr. Derek Lai"). On 10 February 2018, Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Notes:

(1) All interests stated are long positions.

(2) Canola is the direct shareholder of the Company and is an associated corporation within the meaning of Part XV of the SFO.

Save as disclosed above, as at the date of this report, none of the Directors nor chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (iii) which would have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at the date of this report, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Share(s) (Note 1)</b>	<b>Approximate percentage of shareholding</b>
Canola	Beneficial owner	216,990,000	54.25%
Ms. Ong Hui Hui ("Ms. Ong") (Note 2)	Interest of spouse	216,990,000	54.25%
Mr. Derek Lai (Note 3)	Interest of controlled corporation/ interest held jointly with another person	216,990,000	54.25%
Mr. Tan Yit Hoe	Beneficial owner	20,000,791	5.00%

Notes:

- (1) All interests stated are long positions.
- (2) Ms. Ong is the spouse of Mr. Ho and she is deemed or taken to be interested in all the Shares which are beneficially owned and deemed to be held by Mr. Ho under the SFO.
- (3) 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 54.25% of the issued Shares.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

<b>Name of shareholders</b>	<b>Name of members of the Group</b>	<b>Capacity/ Nature of interest</b>	<b>Number of ordinary share(s) (Note 1)</b>	<b>Approximate percentage of shareholding</b>
Mr. Peh	Kogane Yama Restaurants Pte. Ltd.	Beneficial owner	400	40%
Jaesan Food Holdings (Note 2)	K Food Master Holdings Sdn. Bhd.	Beneficial owner	200,000	40%

Notes:

- (1) All interests stated are long positions.
- (2) Jaesan Food Holdings is owned as to 31% by Mr. Lawrence Tan Wee Ee, 24% by Mr. Rodney Tay Peng-Liang, 24% by Mr. Shenton Yap Wen-Howe, 16% by Ms. Alisa Khoo and 5% by Mr. Kenneth Kok Tsing Kuan.

Save as disclosed above, as at the date of this report, the Company had not been notified by any persons (other than directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company and the Stock Exchange, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings or the Company or any member of the Group.

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

The Shares were listed on GEM on 13 August 2018. The Company has not redeemed its listed securities; nor the Company or any of its subsidiaries purchase or sell any of such listed securities since the Listing Date and up to the date of this report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME

As the Share Option Scheme was conditionally adopted pursuant to the written resolutions of the Shareholders passed on 23 July 2018 and became unconditional on 13 August 2018, there were no outstanding share options as at 30 June 2018 and no share options were granted, cancelled or exercised or lapsed during the nine months ended 30 June 2018.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group.

The Share Option Scheme will remain in force for a period of ten years commencing on 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. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. Further details of the Share Option Scheme are set in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV of the Prospectus.

As at the date of this report, there was no share option outstanding under the Share Option Scheme.

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, at no time during the nine months ended 30 June 2018 was the company or any of its subsidiaries or any associated corporations, a party to any arrangement to enable the directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

### COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Code of Ethics for Securities Transactions on terms equivalent to the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by directors. The Company had made specific enquiries of all Directors and all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company since the Listing Date and up to the date of this report.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE CODE

Since the Listing Date and up to the date of this report, the Board considers that the Company has complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules.

## INTERESTS IN COMPETING BUSINESSES AND CONFLICT OF INTERESTS

Save as disclosed in the Prospectus, the Controlling Shareholders and Canola (each a “Covenantor” and collectively the “Covenantors”) have entered into a deed of non-competition with the Company on 23 July 2018 to undertake that he/it shall not and shall procure that his/its close associates (as defined in the GEM Listing Rules) 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 existing and post-listing business activity of any member of the Group from time to time.

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. Details of the deed of non-competition are set out in the section headed “Relationship with our Controlling Shareholder(s)” of the Prospectus.

During the nine months ended 30 June 2018 and thereafter up to the date of this report, none of the Covenantors or their respective close associates had any business or interest in a business which competes or may compete with the business of the Group and any other conflict of interest with the Group.

## INTEREST OF THE COMPLIANCE ADVISER

As notified by the Company’s compliance advisor, Lego Corporate Finance Limited (the “Compliance Advisor”), save as the compliance advisor agreement dated 10 February 2018 entered into between the Company and the Compliance Advisor, none of the Compliance Advisor nor its directors, employees or any of its close associates (as defined in the GEM Listing Rules) had any interest in the Group or in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### AUDIT COMMITTEE

An audit committee of the Board (the “Audit Committee”) was established on 23 July 2018 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises four members, namely Mr. Chow Wai San, Mr. Law Chung Lam Nelson, Mr. Choo Zheng Xi and Mr. Ng. Mr. Chow Wai San is the chairman of the audit committee. The principal duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group, review of the Group’s financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management regarding the auditing and financial reporting matters. The Audit Committee has discussed and reviewed the third quarterly report for the three months and the nine months ended 30 June 2018.

### APPRECIATIONS

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

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

Hong Kong , 13 August 2018

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