

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, 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 announcement.



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)

PROFIT WARNING

This announcement is made by K Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on preliminary assessment of the Board with reference to the unaudited consolidated management accounts of the Group for the year ended 31 August 2020 (the “**Year**”) and other information currently available to the Board, it is expected that the Group would record a higher loss attributable to the owners of the Company for the Year in a range of approximately SGD7.8 to SGD8.1 million as compared to a loss attributable to owners of the Company of approximately SGD3.5 million for the 11-month period from 1 October 2018 to 31 August 2019 (“**Period 2019**”).

On 3 April 2020, the Singapore government announced a partially lockdown, called a “Circuit Breaker” measures for Covid-19 from 7 April 2020 to 1 June 2020, with the result that most economic activities were restricted with the exception of essential services. During the Circuit Breaker period, there was suspension of operation and restrictions on dining out in Singapore. Measures to slow the spread of COVID-19 have had a significant impact on the Group’s operation as well as the economies in Singapore. The economic activities are gradually resuming after the government lifted the Circuit Breaker measures in phases starting from 2 June 2020 and people are allowed to dine in at food and beverage outlets, yet with distancing measures in restaurants. The Group has implemented various measures to support the Singapore government’s efforts, including but not limited to, temporarily suspending the operation of restaurants, shortening the opening hours and maintaining social distancing resulting in reduced utilization and capacity of the restaurants. The Group’s restaurants remained open for takeaways and deliveries during the Circuit Breaker period and all our

restaurants in Singapore had resumed its full operation since 19 June 2020. The Group has continuously monitored the situation and will take appropriate actions as and when necessary.

The Group has commenced three restaurants in the second half of Period 2019 which their full operating results not yet reflected in Period 2019. In addition, the Group commenced two restaurants during the Year before the outbreak of Covid-19. However, the Group suffered significant drop in the number of customer visits to the restaurants from the Circuit Breaker measures. The adverse impact of the Circuit Breaker measures was partially offset by revenue contributed from the new restaurants commenced in the second half of Period 2019 and in the Year. The revenue for the Year eventually decreased by approximately SGD0.5 million as compared to the 11-month period in Period 2019.

Apart from the decline in revenue, the Board considers that such increase in loss after tax during the Year was mainly attributable to written off and impairment losses, which is expected to be in a range of approximately SGD3.0 to SGD3.3 million recognised under the current challenging economic environment. The written off and impairment losses cover the plant and equipment, intangible assets and right-of-use assets of restaurant which the Group has not exercised the renewal option of leased premise and closed down of the corresponding restaurant. Impairment loss is also recognised on certain deposits and receivables from licensees after considering the negative impact of Covid-19 on their operation. The Board considers the increase in loss after tax during the Year was also attributable to the increase in cost of lease payment and other operating expenses from the full-year operation of restaurants commenced in the second half of Period 2019 and new restaurants commenced during the Year as mentioned.

The Group's annual results for the Year are still under review and subject to finalisation and confirmation by the auditor of the Company as well as approvals of the audit committee of the Company and the Board at the respective meetings to be held on 25 November 2020. As the Company is still in the process of finalising the Group's results for the Year, the information contained in this announcement is only a preliminary estimate performed by the management of the Company based on currently available information which not based on any figures or information audited or reviewed by the Company's auditors or audit committee. The Group's annual results for the Year may be different from the preliminary assessment as disclosed in this announcement. Shareholders and potential investors are advised to read carefully the announcement of the Company in relation to the annual results for the Year. The annual results announcement of the Group for the Year is scheduled to publish on 25 November 2020.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

Singapore, 18 November 2020

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 Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.kgroup.com.hk.