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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 FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 30 NOVEMBER 2019**

The board of directors (the “**Directors**”) of K Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated financial results of the Group for the three months ended 30 November 2019. This announcement, containing the full text of the 2019/2020 first quarterly report of the Company (the “**2019/2020 First 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 the information to accompany preliminary announcement of quarterly results. The printed version of the 2019/2020 First Quarterly Report will be dispatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at 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

Singapore, 10 January 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.



FIRST QUARTERLY REPORT 2019/20

KGroup Holdings Limited
千盛集團控股有限公司

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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.

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*This report, for which the directors (the “**Directors**” and each a “**Director**”) of K Group Holdings Limited (the “**Company**” and 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, 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.*



CONTENTS

	Page
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	3
Unaudited Condensed Consolidated Statement of Changes in Equity	5
Notes to the Unaudited Condensed Consolidated Financial Statements	6
Management Discussion and Analysis	10
Corporate Governance and Other Information	14

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated financial statements of the Group for the three months ended 30 November 2019 (the “**Period**” and the “**Unaudited Condensed Consolidated Financial Statements**”, respectively) together with comparative unaudited figures for the corresponding period in 2018 (the “**Last Corresponding Period**”) as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 NOVEMBER 2019

		Three months ended 30 November	
		2019	2018
		(unaudited)	(unaudited)
	Notes	SGD'000	SGD'000
Revenue	3	4,842	3,784
Other income	4	14	24
Other gains and losses, net	4	(2)	(319)
Cost of inventories consumed		(1,182)	(1,040)
Staff costs		(1,532)	(1,337)
Depreciation and amortisation		(1,297)	(280)
Rental and related expenses		(179)	(964)
Utility expenses		(128)	(117)
Marketing and advertising expenses		(130)	(132)
Franchise and licensing fees		(38)	(25)
Other expenses		(728)	(719)
Finance costs		(115)	(45)
Loss before tax	5	(475)	(1,170)
Income tax expense	6	–	(7)
Loss for the period		(475)	(1,177)
Loss per share	8		
Basic (SGD cents)		0.12	0.28

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 NOVEMBER 2019

	Three months ended	
	30 November	
	2019	2018
	(unaudited)	(unaudited)
	SGD'000	SGD'000
Other comprehensive income (expense)		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	1	–
Total comprehensive expense for the period	(474)	(1,177)
Loss for the period attributable to:		
Owners of the Company	(484)	(1,112)
Non-controlling interests	9	(65)
	(475)	(1,177)
Total comprehensive expense attributable to:		
Owners of the Company	(483)	(1,112)
Non-controlling interests	9	(65)
	(474)	(1,177)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 NOVEMBER 2019

	Attributable to owners of the Company							Total SGD'000
	Share capital SGD'000	Share premium SGD'000	Capital reserve SGD'000	Retained profits/ accumulated losses SGD'000	Translation reserve SGD'000	Sub-total SGD'000	Non- controlling interests SGD'000	
As at 1 September 2019 (audited)	694	9,316	4,507	(6,002)	1	8,516	(136)	8,380
Loss for the period	-	-	-	(484)	-	(484)	9	(475)
Exchange differences arising on translation of foreign operations	-	-	-	-	1	1	-	1
Total comprehensive (expense) income for the period	-	-	-	(484)	1	(483)	9	(474)
As at 30 November 2019 (unaudited)	694	9,316	4,507	(6,486)	2	8,033	(127)	7,906
As at 1 September 2018 (unaudited)	694	9,316	4,507	(1,947)	2	12,572	6	12,578
Loss and total comprehensive expense for the period	-	-	-	(1,112)	-	(1,112)	(65)	(1,177)
As at 30 November 2018 (unaudited)	694	9,316	4,507	(3,059)	2	11,460	(59)	11,401

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 24 January 2018 and the Shares in issue have been initially listed on GEM since 13 August 2018 (the “**Listing Date**”). Its parent and ultimate holding company is Canola Investment Holdings Limited (“**Canola**”). The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in the Republic of Singapore (“**Singapore**”) is situated at 1 Grange Road, Orchard Building, #12-01, Singapore, 239693.

The Company is an investment holding company. Its subsidiaries are principally engaged in restaurant operations, sale of food and food ingredients and sub-franchising, licensing/sublicense businesses in Singapore, the Federation of Malaysia (“**Malaysia**”) and the Republic of Indonesia (“**Indonesia**”).

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

2. BASIS OF PREPARATION AND PRESENTATION

The Unaudited Condensed Consolidated Financial Statements together with the comparative unaudited figures for the Corresponding Period (the “**Financial Information**”) have 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 (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of these Unaudited Condensed Consolidated Financial Statements are consistent with those adopted in the preparation of audited consolidated financial statements included in the Annual Report, except for the adoption of the new and revised HKFRSs (the “**New and Revised HKFRSs**”) (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA that are adopted for the first time for the Unaudited Condensed Consolidated Financial Statements.

The adoption of the New and Revised HKFRSs has had no significant effect on the Unaudited Condensed Consolidated Financial Statements and there have been no significant changes to the accounting policies applied in the Unaudited Condensed Consolidated Financial Statements.

The Group has not applied any new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations on the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These Unaudited Condensed Consolidated Financial Statements have been prepared on the historical cost basis.

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

The Unaudited Condensed Consolidated Financial Statements have not been audited by the Company’s independent auditor (the “**Independent Auditor**”), but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

3. REVENUE

	Three months ended 30 November	
	2019	2018
	(unaudited)	(unaudited)
	SGD’000	SGD’000
Restaurant operations	4,635	3,791
Sales of food and food ingredients	144	(70)
Royalty income	63	63
	4,842	3,784

4. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	Three months ended 30 November	
	2019	2018
	(unaudited)	(unaudited)
	SGD’000	SGD’000
Exchange loss, net	(2)	(154)
Loss on written off of plant and equipment	–	(43)
Impairment loss of plant and equipment	–	(122)
Government grants <i>(Note)</i>	14	7
Others	–	17
	12	(295)

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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. LOSS BEFORE TAX

	Three months ended 30 November	
	2019	2018
	(unaudited)	(unaudited)
	SGD'000	SGD'000
Loss before tax has been arrived at after charging:		
Auditor's remuneration	29	68
Amortisation of intangible assets	15	15
Depreciation of plant and equipment	294	264
Depreciation of right-of-use assets	971	–
Directors' remuneration	228	171
Other staff costs		
– Salaries and allowances	1,224	1,089
– Retirement benefit contributions	80	76
	1,304	1,165

6. INCOME TAX EXPENSE

	Three months ended 30 November	
	2019	2018
	(unaudited)	(unaudited)
	SGD'000	SGD'000
Current tax		
– Singapore Corporate Income Tax	–	(15)
Deferred taxation	–	8
	–	(7)

Singapore Corporate Income Tax is calculated at 17% of the estimated assessable profit for both periods.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. DIVIDEND

No dividend has been paid or declared by the Company since its incorporation. The Board has resolved not to declare the payment of a dividend for the Period (30 November 2018: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	For the three months ended 30 November	
	2019	2018
	(Unaudited)	(Unaudited)
	SGD'000	SGD'000
Loss:		
Loss for the purpose of basic loss per share attributable to owners of the Company	(484)	(1,112)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	400,000,000	400,000,000

No diluted loss per share for the respective periods were presented as there were no potential dilutive ordinary shares in issue for both 2019 and 2018.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group is headquartered in Singapore and has multi-branded restaurants that are mainly operated under a franchise model. The Group offers mainly Korean and Japanese cuisines with casual dining concepts that target the middle-income mass market in Singapore, Malaysia and Indonesia.

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

- three restaurants in Singapore and one restaurant in Malaysia under the brand “Chir Chir” pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean fried chicken restaurant chain;
- two restaurants in Singapore under the brand “Masizzim” pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean stew dish restaurant chain;
- two restaurants in Singapore under the self-developed brand “Kogane Yama” which offers Japanese premium tendon bowls and Japanese rice bowls;
- two restaurants in Singapore under the brand “Nipong Naepong” pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean fusion noodle restaurant chain;
- two restaurants in Singapore under the brand “NY Night Market” pursuant to an exclusive franchise the Group obtained from the franchisor of the brand “Chir Chir”, which also owns a restaurant chain offering Korean fusion western food;
- two restaurants in Singapore under the self-developed brand “Sora Boru” which is a fast casual restaurant offering Japanese one bowl meal and donburi;
- one restaurant in Singapore under the brand “Kota Zheng Zhong” under a cooperation arrangement with the owner which owns a Malaysian-style claypot herbal bak kut teh restaurant chain; and
- one central kitchen in Singapore under the self-developed brand “Gangnam Kitchen” which offers catering and delivery services of Korean food in Singapore and serves as the central kitchen to the Group’s restaurants in Singapore.





MANAGEMENT DISCUSSION AND ANALYSIS

As at the date of this report, the Group had also licensed the brand “Chir Chir” to the Indonesian Licensee for operation of restaurants in Indonesia.

The restaurant and catering market in Singapore, Malaysia and Indonesia are intensively competitive. However, the management of the Company (the “**Management**”) believes that the Group possesses the following key strengths which contributed to its success, as well as distinguishing itself and positioning itself for significant further growth in the future: (i) proven abilities to select franchised brands which appeal to the customers; (ii) the strategic locations of the Group’s restaurants in good and convenient locations; (iii) a relentless commitment to food quality and hygiene as well as dining experience; and (iv) a passionate and dynamic management team.

Looking forward, the Group intends to become a leading restaurant operator in Singapore and extend its network to other Southeast Asian countries. The Group plans to achieve the goals by implementing the following key strategies: (i) continue to grow the business by procuring new franchised brands; (ii) open restaurants of existing brands outside the central area of Singapore; and (iii) develop more restaurant brands and continue to strengthen its regional presence, marketing efforts and information technology system.

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 self-operated restaurants in Singapore and Malaysia. For the Period, the revenue generated from restaurant operations amounted to approximately SGD4.6 million, representing an increase of approximately 21.05% over that of approximately SGD3.8 million for the Last Corresponding Period. The increase was mainly attributable to (i) the full period operation of NY Night Market (313), (ii) the commencement and full period operation of (a) one self-operated restaurant under the brand “NY Night Market”, which is located at VivoCity, 1 Harbourfront Walk #01-116/116ORA Singapore 098585 (NY Night Market (Vivo)), (b) one self-operated restaurant under the brand “Chir Chir” which is located at The Mega Mall Southkey, LG-054 Jalan Tok Siak, Kampung Tok Siak, 81100 Johor Bahru, Johor, Malaysia (Chir Chir (JB)), (c) one self-operated restaurant under the self-developed new brand “Sora Boru” which is located at 313@Somerset 313 Orchard Road, #B3-19/20 Singapore 238895 (Sora Boru (313)) and (iii) the commencement of a self-operated restaurant under the brand “Kota Zheng Zhong Bak Kut Teh” which is located at 15A Lorong Liput Singapore 277730. The increase in revenue was slightly offset by the cessation of operation of a self-operated restaurant under the brand “Chir Chir” which was located at Lot 1.108.00, Level 1 Pavilion Kuala Lumpur, 168 Jalan Bukit Bintang, Kuala Lumpur 55100 on 15 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from sales of food and food ingredients mainly represented revenue from (i) sales of food through the operation of Gangnam Kitchen which provides catering and delivery services of Korean food to the customers in Singapore; and (ii) sales of food ingredients to the Indonesian Licensee. The revenue from sales of food and food ingredients increased from a loss of approximately SGD70,000 for the Last Corresponding Period to approximately SGD144,000 for the Period. The increase was due to secure of new customers and a correction of reclassification of revenue made in September 2018 after audit.

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 the Group has entered into. The revenue from royalty income remained constant for both period.

Cost of inventories consumed

Cost of inventories consumed primarily consisted of the cost of the food ingredients and beverages used in the operations of the Group’s self-operated restaurants and central kitchen in Singapore and Malaysia. Cost of inventories consumed increased from approximately SGD1.0 million for the Last Corresponding Period to approximately SGD1.2 million for the Period, representing an increase of approximately 20.0% as compared to that of the Last Corresponding Period. The increased was in line with the increased in revenue changes.

Staff costs

Staff costs increased from approximately SGD1.3 million for the Last Corresponding Period to approximately SGD1.5 million for the Period, representing an increase of approximately 15.4% as compared to that of the Last Corresponding Period. The increase was mainly attributable to an increase in headcount of staff in view of the expansion of the Group’s network of 4 new self-operated restaurants and the full operation of a restaurant which was newly operated in the Last Corresponding Period.

Rental and related expenses

Rental and related expenses decreased from approximately SGD1.0 million for the Last Corresponding Period to approximately SGD0.2 million for the Period, representing a decrease of approximately 80% as compared to those of the Last Corresponding Period. The decrease in rental and related expenses was mainly attributable to the different accounting treatment of the new accounting standard HKFRS 16 Leases which became effective during the financial year.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The finance costs primarily consisted of interest expenses on bank loans, trust receipts loans, hire purchase and the interest on the lease liabilities. Finance costs increased from approximately SGD45,000 for Last Corresponding Period to approximately SGD115,000 for the Period, representing an increase of approximately 155.5%. The increase was mainly arising from the interest on the lease liabilities which amounting to SGD98,000 during the Period.

Loss for the period

The Group recognised a loss of approximately SGD0.5 million for the Period, which was decreased as compared to that of approximately SGD1.2 million for the Last Corresponding Period. Other than the factors discussed above, the loss was also attributed by the one off expenses, realised exchange losses arising upon payment to all the listing professional parties in September 2018, loss on written off and impairment of plant and equipment and also the increased in depreciation and amortisation cost.

Contingent liabilities and pledge of assets

As at 30 November 2019, the Group did not have any significant contingent liabilities and pledge of assets.

Significant investments held

During the Period, except for investments in subsidiaries, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 November 2019, 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) (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, 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. Lai Weijie, Terence (“ Mr. Terence Lai ”) (Note 2)	Interest of a controlled corporation/interest held jointly with another person	216,990,000	54.25%
Mr. Yeap Wei Han, Melvyn (“ Mr. Yeap ”) (Note 2)	Interest held jointly with another person	216,990,000	54.25%
Mr. Ho Zhi Yi, Levi (“ Mr. Ho ”) (Note 2)	Interest held jointly with another person	216,990,000	54.25%
Mr. Tan Chien Fong (“ Mr. Tan ”) (Note 2)	Interest held jointly with another person	216,990,000	54.25%
Mr. Ng Yook Tim (“ Mr. Ng ”) (Note 2)	Interest held jointly with another person	216,990,000	54.25%

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 (collectively the **"Controlling Shareholders"**) entered into an acting-in-concert confirmation (the **"Confirmation"**), pursuant to which they had confirmed that they had been parties acting in concert in the operation and management of the Group since 1 October 2015. Accordingly, each person under the concert party arrangement is taken to be interested in the Shares the other party(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, if any, interested divided by the number of issued Shares of 400,000,000 as at 30 November 2019.

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

Name of Directors/ Chief executive	Name of associated corporation	Capacity/ Nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding
Mr. 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 a direct shareholder of the Company (the **"Shareholder"**) and is an associated corporation within the meaning of Part XV of the SFO.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 November 2019, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register referred to therein pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 November 2019, 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 as 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 (Note 1)	Approximate percentage of the Company's issued Shares*
Canola	Beneficial owner	216,990,000	54.25%
Ms. Ong Hui Hui ("Ms. Ong") (Note 2)	Interest of spouse	216,990,000	54.25%
Ms. Teo Yan Qi Sharon ("Ms. Teo") (Note 3)	Interest of spouse	216,990,000	54.25%
Mr. Derek Lai (Note 4)	Interest held jointly with another person	216,990,000	54.25%
Mr. Lam Wing Chak Victor	Beneficial owner	31,221,470	7.81%
Mr. Tan Yit Hoe	Beneficial owner	20,001,791	5.00%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) All interests stated are long positions.
 - (2) Mr. Terence Lai, Mr Yeap, Mr. Ho, Mr. Tan and Mr. Ng are directors of Canola.
 - (3) 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.
 - (4) 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.
 - (5) 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 approximately 54.25% of the issued Shares.
- * The percentage represents the number of Shares interested divided by the number of issued Shares of 400,000,000 as at 30 November 2019.

Interests in issued voting shares of other members of the Group

Name of shareholders	Name of members of the Group	Capacity/ Nature of interest	Number of ordinary share(s) (Note 1)	Percentage/ approximate percentage of shareholding
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 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 November 2019, 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the 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.

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. Under the Share Option Scheme, the Company may grant options to eligible participants, including Directors and full-time employees of and advisers and consultants to the Group. No share option has been granted by the Company or agreed to be granted under the Share Option Scheme since the Adoption Date and up to the date of this report. Therefore, no share options lapsed or were exercised or cancelled during the Period and there were no outstanding share options as at 30 November 2019.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period 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.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the **"Required Standard of Dealings"**) as rules governing securities transactions by the Directors. 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 during the Period.

CORPORATE GOVERNANCE CODE

The Board considers that the Company has adopted and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the **"CG Code"**) during the Period.





CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

During the Period, none of the Directors or the Controlling Shareholders or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflicts of interest which any such person or entity had or might have with the Group.

INTEREST OF THE COMPLIANCE ADVISER

Company has appointed Lego Corporate Finance Limited ("**Lego**") as the compliance adviser of the Company (the "**Compliance Adviser**") pursuant to Rule 6A.19 of the GEM Listing Rule. As at 30 November 2019, as notified by Lego, save for the compliance adviser agreement dated 10 February 2018 and entered into between the Company and Lego regarding the receipt of fees for acting as the Compliance Adviser, neither Lego nor its directors or employees or close associates (as defined under the GEM Listing Rules) had any interests in the securities of the Company or any member of the Group (including options and 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.

EVENT AFTER THE REPORTING PERIOD

As disclosed in the announcements of the Company dated 13 December 2019 and 16 December 2019, the Company and Quasar Securities Co., Limited entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on best effort basis, up to 40,000,000 placing shares, to not less than six placees who and whose ultimate beneficial owner are independent third parties at a price of HK\$0.38 per placing share. As at the date of this report, the placing has not yet been completed.

AUDIT COMMITTEE

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 code provisions C.3.3 and C.3.7 of the CG Code. The Audit Committee comprises all the three independent non-executive Directors (the "**INEDs**"), namely Mr. Chow Wai San ("**Mr. Chow**"), Mr. Law Chung Lam, Nelson and Mr. Choo Zheng Xi, and the non-executive Director (the "**NED**"), Mr. Ng. Mr. Chow is the chairman of the Audit Committee. The principal duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of the Independent Auditor, to review and supervise the financial reporting process and internal control system of the Group, and to review the Group's financial information and the relationship with the Independent Auditor.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Audit Committee has reviewed the Unaudited Condensed Consolidated Financial Statements and this report and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other legal requirements, and that adequate disclosures have been made.

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 like to extend my gratitude and appreciation to all the Directors, Management and staff for their hard work and dedication throughout the Period.

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

Singapore, 10 January 2020

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 NED is Mr. Ng Yook Tim; and the INEDs are Mr. Chow Wai San, Mr. Law Chung Lam, Nelson and Mr. Choo Zheng Xi.