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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in K GROUP HOLDINGS LIMITED, you should at once hand the Prospectus Documents to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "15. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, 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 Prospectus.

This Prospectus, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 Prospectus 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 Prospectus misleading.

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# K Group

## 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)**

**RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES  
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE**

Underwriter  
**SUNWAH KINGSWAY**  
**新華滙富**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

Shareholders and potential investors should note that the Rights Issue is conditional upon the fulfillment of the conditions referred to in the paragraph headed "Conditions of the Rights Issue" in the Letter from the Board. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares has dealt in on an ex-rights basis commencing from Monday, 24 October 2022 and that dealing in the Rights Shares in the nil-paid form will take place from Tuesday, 4 April 2023 to Friday, 14 April 2023 (both dates inclusive). Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on Thursday, 20 April 2023), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" in the Letter from the Board. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

**The Rights Issue is underwritten only on a best effort basis. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares and not subscribed by subscribers procured by the Underwriter will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.**

31 March 2023

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## CHARACTERISTICS OF GEM

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**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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## EXPECTED TIMETABLE

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Set out below is the expected timetable of the Rights Issue:

<b>Event</b>	<b>Hong Kong Date and Time</b>
First day of dealings in nil-paid Rights Shares . . . . .	Tuesday, 4 April 2023
Latest time for splitting the PAL. . . . .	4:30 p.m. on Tuesday, 11 April 2023
Last day of dealings in nil-paid Rights Shares . . . . .	Friday, 14 April 2023
Latest time for acceptance of and payment for the Rights Shares . . . . .	4:00 p.m. on Wednesday, 19 April 2023
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Thursday, 20 April 2023
Announcement of allotment results of the Rights Issue. . . . .	Wednesday, 26 April 2023
Despatch of share certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for excess Rights Shares or if the Rights Issue is terminated . . . . .	Thursday, 27 April 2023
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Friday, 28 April 2023

Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning;
  - (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in this section may be affected. Announcement will be made by the Company in such event.

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## DEFINITIONS

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*Unless otherwise specified, the following terms have the following meanings in this Prospectus:*

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 18 May 2022 in relation to, among other things, the Share Consolidation and the Rights Issue
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 28 September 2022 in relation to, among other things, the Rights Issue and the Share Consolidation
“Company”	K Group Holdings Limited (千盛集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8475)
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consolidated Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, in such usual form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company held on 17 October 2022 at which, the Share Consolidation, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder have been approved
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GEM Listing Committee”	has the meaning as defined in the GEM Listing Rules
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent shareholder(s)”	shareholder(s) who were not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the beneficial owner’s Shares with a CCASS Participant
“Latest Practicable Date”	27 March 2023, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Last Trading Day”	18 May 2022, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement

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## DEFINITIONS

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“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 19 April 2023 or other time or date as may be agreed in writing between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“Latest Time for Termination”	4:00 p.m. on Thursday, 20 April 2023 or such other time or date as the Underwriter may agree in writing with the Company
“MOU”	the non-legally binding memorandum of understanding dated 16 March 2022 (as supplemented by the supplemental memorandum of understanding dated 15 March 2023) entered into between the Company and the Potential Vendor to acquire the entire issued share capital of the Potential Target Company
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Poll Results Announcement”	the announcement of the Company dated 17 October 2022 in relation to, among other things, the poll results of the EGM
“Potential Target Company”	APEX Catering Limited
“Potential Vendor”	Mr. Wong Wai Ho
“Potential Acquisition”	the potential acquisition of the entire issued share capital of the Potential Target Company by the Company pursuant to the MOU
“Prospectus”	the prospectus of the Company dated 31 March 2023 in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF



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## DEFINITIONS

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“Prospectus Posting Date”	31 March 2023 or such other date as may be agreed in writing between the Underwriter and the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Tuesday, 1 November 2022, being the date for the determination of the entitlements under the Rights Issue
“Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue of the Rights Shares on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price on the terms and subject to the conditions in the Underwriting Agreement
“Rights Share(s)”	88,000,000 Shares to be allotted and issued pursuant to the Rights Issue
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Consolidation”	the consolidation of every ten (10) issued and unissued Shares of HK\$0.01 each into one (1) Share of HK\$0.1 each, which was effective on Friday, 21 October 2022
“Shareholder(s)”	holder(s) of issued Share(s)
“Singapore”	the Republic of Singapore
“Singapore Government”	government of Singapore

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## DEFINITIONS

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“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.57 per Rights Share
“Supplemental MOU”	the supplemental memorandum of understanding dated 15 March 2023 entered into between the Company and the Potential Vendor in relation to the Memorandum of Understanding
“Supplemental Underwriting Agreement(s)”	the supplemental underwriting agreements dated 21 September 2022 and 28 March 2023 entered into between the Company and the Underwriter in relation to the Underwriting Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingsway Financial Services Group Limited, a corporation licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 18 May 2022 entered into between the Company and the Underwriter in respect of the Rights Issue on a best effort and non-fully underwritten basis (as amended and supplemented by the Supplemental Underwriting Agreement dated 28 March 2023)
“Underwritten Shares”	a maximum of 88,000,000 Rights Shares, being the total number of Rights Shares to which holders of Shares are entitled pursuant to the Rights Issue and underwritten by the Underwriter
“%”	per cent.

Unless otherwise specified in this Prospectus, the exchange rate adopted in this Prospectus for illustration only is approximately HK\$1 to S\$0.172. No representation is made that any amounts have been, could have been or could be converted at that rate or at any other rates.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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If, at any time prior to the Latest Time for Termination:

- (A) the Underwriter shall become aware of the fact that the undertaking provided by the Directors are not duly complied with or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the absolute opinion of the Underwriter) material in the context of the Rights Issue; or
- (B) there shall be:
  - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - (ii) any change in local, national or international financial, political, industrial or economic conditions;
  - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
  - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
  - (v) any moratorium, suspension or material restriction or trading in securities generally on the Stock Exchange;
  - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 7 trading days (as defined in the GEM Listing Rules);
  - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which is or are, in the absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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then the Underwriter may, by notice in writing given to the Company on or before the Latest Time for Termination, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

**If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Zhou Junqi (*Chairman*)  
Mr. Chiang Ming Chun (*Vice Chairman*)  
Mr. Yeap Wei Han, Melvyn  
*(Chief Financial Officer)*  
Ms. Wong Pui Kei Peggy

*Independent non-Executive Directors:*

Mr. Chau Wing Nam  
Mr. Law Chung Lam, Nelson  
Mr. Lee Ming Yeung, Michael

*Registered Office:*

Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Headquarter and Principal Place of  
Business in 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

31 March 2023

*To the Qualifying Shareholders and,  
for information only,  
the Non-Qualifying Shareholders (if any)*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES  
FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE**

**INTRODUCTION**

References are made to the Announcement, the Circular and the Poll Results Announcement, in relation to, among other matters, the Rights Issue and the Share Consolidation. On 18 May 2022, the Company proposed to raise up to approximately HK\$50.2 million before expenses by way of a rights issue of 88,000,000 Rights Shares at the Subscription Price of HK\$0.57 each and on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date. The Rights Issue is only underwritten on a best effort and non-fully underwritten basis and will not be extended to the Non-Qualifying Shareholder(s) (if any).

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## LETTER FROM THE BOARD

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The Share Consolidation, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder were approved by the Independent Shareholders at the EGM. The Share Consolidation became effective on Friday, 21 October 2022.

The purpose of this Prospectus is to provide you with, among others, further details on the Rights Issue, certain financial information and other general information on the Group.

### RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$50.2 million before expenses by way of a rights issue of 88,000,000 Rights Shares at the Subscription Price of HK\$0.57 each and on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date.

Further details of the Rights Issue are set out below:

#### Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.57 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.55 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	44,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 88,000,000 Rights Shares  The aggregate nominal value of the Rights Shares will be up to HK\$8,800,000
Total number of Shares in issue upon completion of the Rights Issue	:	Up to 132,000,000 Shares
Gross proceeds from the Rights Issue	:	Up to approximately HK\$50.2 million before expenses
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

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## LETTER FROM THE BOARD

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The Rights Issue is only underwritten on a best effort and non-fully underwritten basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

The Company had no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

The 88,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 200% of the total number of issued Shares and approximately 66.7% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

### **Undertaking**

As at the Latest Practicable Date, the Company has not received any information or undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue (or otherwise).

### **The Subscription Price**

The Subscription Price of HK\$0.57 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 16.3% over the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 28.8% to the closing price of HK\$0.80 per Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;

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## LETTER FROM THE BOARD

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- (iii) a discount of approximately 30.5% to the closing price of HK\$0.82 per Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 32.1% to the closing price of approximately HK\$0.84 per Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 33.7% to the theoretical closing price of approximately HK\$0.86 per Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 12.3% to the theoretical ex-rights price of approximately HK\$0.65 per Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;
- (vii) a premium of approximately HK\$1.43 over the audited consolidated net liability value per Share of approximately HK\$0.86, based on the latest published audited consolidated net liability value of the Group of approximately HK\$37.8 million (or S\$6.5 million) as disclosed in the annual report of the Company for the year ended 31 August 2022 and 44,000,000 Shares (after taking into account the effect of the Share Consolidation); and
- (viii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 20.4% represented by the theoretical diluted price of approximately HK\$0.65 to the benchmarked price of approximately HK\$0.82 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.80 and the average closing price of HK\$0.82 per Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day).

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the prevailing closing price of the Shares prior to the Last Trading Day; (ii) the prevailing market conditions of the capital market in Hong Kong and the impact of COVID-19 pandemic; (iii) the financial position of the Group; and (iv) the imminent funding and capital needs of the Company in Hong Kong as more particularly disclosed in the paragraph headed "Reasons for the Rights Issue and use of proceeds" in this Prospectus. In determining the discount rate of the Subscription Price, the Directors have taken into account that it is a common practice for listed companies on the Stock Exchange to issue rights shares at a discount to the prevailing market price in order to enhance the attractiveness of the rights issue and to encourage the Shareholders to participate in the future growth of the Group, hence consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

### **Stamp duty and other applicable fees**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

The Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL(s) and EAF(s)) to the Non-Qualifying Shareholders for their information only.

**If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

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## LETTER FROM THE BOARD

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### **Rights of Overseas Shareholders**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

As at the Record Date, there was one Overseas Shareholder with registered address located in the British Virgin Islands, Fast Glory Group Limited, which is interested in 31,685,000 Shares, representing approximately 7.2% of the total number of the existing issued Shares. Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Company has made enquiries with legal adviser as to BVI laws regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholder in the BVI. The legal advisers to the Company as to the BVI laws are of view that given the Rights Issue is made by the Company in Hong Kong and is being made by the Company to the Overseas Shareholder in the BVI solely by the reason that it is an existing Shareholder, there are no restrictions under securities law or other similar laws in the BVI which would prevent the Company from including the BVI Shareholder in the Rights Issue. Accordingly, the extension of the Rights Issue to Fast Glory Group Limited and the offering of the Rights Shares to it will not violate any applicable law or regulations in the BVI. Based upon such advice, Fast Glory Group Limited will not be excluded from the Rights Issue and Fast Glory Group Limited shall therefore be a Qualifying Shareholder.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the Non-Qualifying Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders.

**Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the securities of the Company.**

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## LETTER FROM THE BOARD

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### **Procedures for acceptance and payment or transfer**

#### ***General***

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to the full observance of the applicable laws of any relevant territory or jurisdictions including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes and duties due in such territories or jurisdictions. The attention of Shareholders with registered addresses in any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons, and investors who are located or resided in, with such addresses is drawn to the paragraph headed “Rights of Overseas Shareholders” in this letter.

Completion and return of the PAL and/or EAF with a cheque or banker’s cashier order in payment for the nil-paid Rights Shares and/or excess Rights Shares applied for will constitute a warranty and representation to the Company, from such person, that all registration, legal and regulatory requirements of all relevant jurisdictions other than Hong Kong, in connection with the PAL and any acceptance of it and/or the EAF and any applications under it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representation or warranty.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the jurisdictions outside Hong Kong and which may involve a breach of the laws of the relevant jurisdictions; or otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement.

#### ***PAL – Acceptance, payment and transfer***

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to them as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon with the Registrar, together with a remittance for the full amount payable on acceptance, so as to be received by no later than 4:00 p.m. on Wednesday, 19 April 2023 (or, under bad weather conditions, such later date as mentioned in the paragraph headed “Effect of bad weather on the Latest Time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares” in the section headed “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders issued by, a licensed bank in Hong Kong and made payable to “Easy Securities Limited” and crossed “Account Payee Only”.

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## LETTER FROM THE BOARD

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It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 19 April 2023, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicant at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or transfer part or all of his/her/its rights to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Tuesday, 11 April 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company.

Any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, and underpaid application will be rejected. In the event of overpaid application, a refund cheque, without interest, will be made out to you if the overpaid amount is HK\$100 or above. Completion and return of the PAL with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

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## LETTER FROM THE BOARD

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No action has been taken by the Company to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for Rights Shares, unless in the relevant territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself, before subscribing for the provisionally allotted Rights Shares, as to the full observance of the laws and regulations of all relevant territories and jurisdictions, including the obtaining of any governmental or other consents and to pay taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been or will be fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any territory or jurisdiction. No application for Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

If any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” below is not satisfied, and/or not waived (where applicable) at or before 4:00 p.m. on Thursday, 20 April 2023 (or such later time and date as may be agreed between the Company and the Underwriter), the monies received in respect of the relevant provisional allotment, without interest, will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Thursday, 27 April 2023.

No receipt will be issued in respect of any application monies received.

### **Application for the excess Rights Shares**

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Non-Qualifying Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or transferees of nil-paid Rights Shares. Applications for the excess Rights Shares may be made by duly completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

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## LETTER FROM THE BOARD

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All remittances must be made by cheque or banker's cashier order in Hong Kong dollars. Cheques must be drawn on a bank account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "Easy Securities Limited" and crossed "Account Payee Only".

Applications for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by the Latest Time for Acceptance. For the avoidance of doubt, no Directors will apply for excess Rights Shares in the Rights Issue during the period pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Chapter 5 of the GEM Listing Rules.

If the aggregate number of the excess Rights Shares is less than the number of Rights Shares applied for under the relevant EAFs, the Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) the excess Rights Shares will be allocated to the applicants on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that, for the purpose of the Rights Issue, the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company.

Beneficial owners of Shares whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

In the event that the Board notes unusual patterns of excess application and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

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## LETTER FROM THE BOARD

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If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, by no later than 4:00 p.m. on Wednesday, 19 April 2023. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "Easy Securities Limited" and crossed "**Account Payee Only**".

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty and representation from such Qualifying Shareholder(s) to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

The allocation of excess Rights Shares (if any) made to the Qualifying Shareholders will be announced on Wednesday, 26 April 2023. If no excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be returned by refund cheque in full without interest by ordinary post at his/her/its own risk by the Registrar on or before Thursday, 27 April 2023. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his/her/its own risk by the Registrar on or before Thursday, 27 April 2023.

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## LETTER FROM THE BOARD

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The Underwriter has agreed, on a best effort and non-fully underwritten basis, to subscribe or procure the subscription for any Rights Shares not accepted for by the Qualifying Shareholders or transferees of nil paid Rights Shares and not taken by excess application pursuant to the terms and conditions of the Underwriting Agreement. As a result of the revisions to the expected timetable as set out in the announcement of the Company dated 22 February 2023, the Company and the Underwriter entered into a supplemental underwriting agreement on 28 March 2023 (after trading hours), to reflect the changes of the relevant dates for the Rights Issue as referred to in the Underwriting Agreement.

If any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” below is not satisfied, and/or not waived (where applicable) at or before 4:00 p.m. on Thursday, 20 April 2023 (or such later time and date as may be agreed between the Company and the Underwriter), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 27 April 2023.

### **Action to be taken by beneficial owners holding interests in Shares through CCASS**

If you are a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, or apply for excess Rights Shares, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the applications.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited and the application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such beneficial owners’ interests in nil-paid Rights Shares should be dealt with and any applications for excess Rights Shares.



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## LETTER FROM THE BOARD

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### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully paid Rights Shares are expected to be sent on or before Thursday, 27 April 2023 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Thursday, 27 April 2023, by ordinary post, at the respective Shareholders' own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 27 April 2023, by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Fractional entitlement to the Rights Shares**

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

### **Rights Issue on a best effort and non-fully underwritten basis**

As the Rights Issue will proceed on a best effort and non-fully underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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### **Application for listing**

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The nil-paid Rights Shares shall have the same board lot size as the Shares (i.e. 5,000 Shares in one board lot).

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Conditions of the Rights Issue**

**The Rights Issue is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriter not terminating the Underwriting Agreement.**

**The Underwriting Agreement contains detailed conditions and events which may cause the Underwriting Agreement to be terminated by the Underwriter. Please refer to the section headed “The Underwriting Arrangement” in this Prospectus for details of the conditions and grounds of terminate on of the Underwriting Agreement. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.**

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## LETTER FROM THE BOARD

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### THE UNDERWRITING ARRANGEMENT

The Rights Shares will be underwritten by the Underwriter on a best effort and non-fully underwritten basis in accordance with the terms of the Underwriting Agreement (as supplemented by the Supplemental Underwriting Agreement dated 28 March 2023) as described below.

#### Underwriting Agreement

Date	:	18 May 2022 (as supplemented on 28 March 2023)
Issuer	:	The Company
Underwriter	:	Kingsway Financial Services Group Limited, a corporation licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO whose ordinary course of business includes underwriting of securities and complies with the requirement under Rule 10.24A(1) of the GEM Listing Rules

As at the Latest Practicable Date, the Underwriter did not hold any Shares. The Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of and not connected with the Company and its connected persons

Number of Rights Shares underwritten by the Underwriter	:	The Underwriter has agreed to subscribe for, or procure the subscription for the Underwritten Shares not taken up of up to 88,000,000 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) on a best effort and non-fully underwritten basis
Underwriting Commission	:	3.0% of the aggregate subscription amount in respect of the Rights Shares actually subscribed for through the Underwriter and/or its sub-underwriters

The Rights Issue is underwritten by the Underwriter on a best effort and non-fully underwritten basis pursuant to the terms of the Underwriting Agreement. To the best knowledge and information of the Directors, after reasonable enquiries, the Underwriter is independent of and not connected with the Company or its connected persons.

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## LETTER FROM THE BOARD

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The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing market rate. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter has agreed, on a best effort and non-fully underwritten basis, to subscribe or procure the subscription for Underwritten Shares that are not otherwise taken up.

### **Termination of the Underwriting Agreement**

If, at any time prior to the Latest Time for Termination:

- (A) the Underwriter shall become aware of the fact that the undertaking provided by the Directors are not duly complied with or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the absolute opinion of the Underwriter) material in the context of the Rights Issue; or
- (B) there shall be:
  - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - (ii) any change in local, national or international financial, political, industrial or economic conditions;
  - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
  - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
  - (v) any moratorium, suspension or material restriction or trading in securities generally on the Stock Exchange;

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## LETTER FROM THE BOARD

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- (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 7 trading days (as defined in the GEM Listing Rules);
- (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which is or are, in the absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing given to the Company on or before the Latest Time for Termination, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

**If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

### **Conditions of the Underwriting Agreement**

The Underwriting Agreement is conditional on:

- (a) the passing of all the necessary resolution(s) by the Shareholders (where applicable, the Independent Shareholders) at the EGM and the Board on or before the Prospectus Posting Date to approve the Underwriting Agreement (as supplemented by the Supplemental Underwriting Agreements), the Share Consolidation, the Rights Issue and the transactions contemplated thereunder;
- (b) the Share Consolidation having become effective;

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## LETTER FROM THE BOARD

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- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) in accordance with section 342C of the Companies Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares;
- (f) compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement; and

that in the event of the said conditions not being fulfilled or waived on or before the respective dates aforesaid and being no later than Thursday, 20 April 2023, or such later date or dates as may be agreed between the Company and the Underwriter or if the Underwriting Agreement shall be rescinded, all obligations and liabilities of the parties thereunder shall forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches hereof).

As at the Latest Practicable Date, conditions (a) and (b) above have been satisfied and the other conditions remained unfulfilled.

### **REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS**

The Group is a multi-brand restaurant group headquartered in Singapore, principally engaged in restaurant operations, sale of food ingredients and subfranchising, and licensing/sublicensing businesses.

Assuming full subscription under the Rights Issue, the expected gross proceeds of the Rights Issue will be up to approximately HK\$50.2 million and the relevant expenses would be approximately HK\$2.4 million, which includes underwriting commission and professional fees payable to financial adviser, legal advisers and other parties involved in the Rights Issue. Accordingly, the estimated net proceeds of the Rights Issue, after deducting the related expense, will be up to approximately HK\$47.8 million.

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## LETTER FROM THE BOARD

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### Intended use of proceeds

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$47.8 million from the Rights Issue as to (i) approximately HK\$28.6 million, being approximately 59.8% of the net proceeds to be used for the repayment of borrowings (including the principal and the relevant interest) and lease liabilities and rental related expenses which will fall due in the next 18 months from the date of the Circular; (ii) approximately HK\$11.7 million, being approximately 24.5% of the net proceeds to be used as working capital of the Group in the next 12 months; and (iii) the remaining balance of approximately HK\$7.5 million, being approximately 15.7% of the net proceeds to be used for settling part of the consideration and to finance the transaction expenses relating to a potential acquisition. On 16 March 2022, the Company has entered into the MOU with the Potential Vendor to acquire the entire issued share capital of the Potential Target Company. As at the Latest Practicable Date, save for the MOU, the Company and the Potential Target Company had not entered into any further memorandum of understanding or legally binding agreement in relation to the Potential Acquisition. Due to the unexpected delay in the issuance of Rights Issue, the workload of the related professional parties and the transaction cost incurred have increased accordingly. The transaction cost is estimated to be increased by HK\$0.1 million. As a result, the acquisition price of the Potential Target Company will be adjusted and depended on the net proceeds from the issuance of Rights Issue. So, the intended use of proceeds in the Prospectus is minor different from the circular that have been approved by the Company's shareholders on 17 October 2022.

Given (i) the prevailing volatile market conditions; (ii) the impact caused by COVID-19 pandemic; (iii) the proposed Subscription Price; and (iv) the trading volume and the closing price of the Existing Shares in the recent months prior to the Last Trading Day, the Underwriter had expressed its interest in acting as the underwriter of the Rights Issue on a best effort basis instead of a fully-underwritten basis. Thus, the Board decided to conduct the Rights Issue on a best effort and non-fully underwritten basis. In the event that there is an under-subscription of the Rights Issue, the above use of proceeds will be adjusted accordingly and the net proceeds from the Rights Issue will be applied by the Company in the following order of priority:

- (i) for the repayment of borrowings (including the principal and the relevant interest) and lease liabilities and rental related expenses which will fall due in the next 18 months from the date of the Circular;
- (ii) as working capital of the Group during the next 12 months;
- (iii) for settling part of the consideration and to finance the transaction expenses relating to the Potential Acquisition.

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## LETTER FROM THE BOARD

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### **The funding needs of the Group**

As stated in the 2021/2022 annual report of the Company (the “**2021/2022 Annual Report**”) for the year ended 31 August 2022 (“**FY2022**”), the Group recorded a loss of approximately S\$2.6 million for FY2022 which was mainly attributable to the overall adverse effect of the Coronavirus (“**COVID-19**”) to the food and beverage industry in Singapore which resulted in impairment loss on plant and equipment, intangible assets and right-of-use assets of restaurants recognised in FY2022. As further disclosed in the 2021/2022 Annual Report, the Group recorded net current liabilities of approximately S\$7.2 million as of 31 August 2022, which may have a considerable impact on the liquidity position of the Group.

### ***Outstanding borrowings and lease liabilities, and working capital***

The Group has an immediate need for financial resources to meet the falling due debt and replenish its working capital, given its significant net current liability position as set out above. Among others, as at 31 August 2022, the Group has (i) outstanding interest-bearing and other borrowings (including the principal and the relevant interest) of approximately S\$0.6 million and lease liabilities and rental related expenses of approximately S\$1.6 million, which will fall due within the next 12 months. As at 31 August 2022, the Group has a cash and bank balance of approximately S\$0.1 million, which is insufficient to repay its current debt and meet the other working capital requirement of the Group, including staff costs, trade payable and other operating expenses. Taking into account the present available resources of the Group and the cashflow forecast of the Group for the next 12 months ending 31 December 2023 prepared by the Board, the Board expects there will be a shortfall in cash of approximately S\$2.2 million during the next 12 months. Accordingly, assuming full subscription under the Rights Issue, the Board intends to utilise (i) approximately HK\$28.6 million (S\$4.9 million), being approximately 59.8% of the net proceeds of the Rights Issue to settle the outstanding borrowings (including the principal and the relevant interest) and lease liabilities and rental related expenses of the Group that will fall due in the next 18 months from the date of the Circular; and (ii) approximately HK\$11.7 million (S\$2.0 million), being approximately 24.5% of the net proceeds of the Rights Issue as working capital of the Group which was expected to be fully utilised in the next 12 months.



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## LETTER FROM THE BOARD

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A breakdown of the expected working capital needs of the Group for the next 12 months based on the latest estimates of the Board is as follows:

	S\$'000
Accrued and future staff cost	4,183
Trade payable and cost of sales	2,792
Auditor's and director's remuneration	555
Accrued and future administrative and other expenses	<u>7,144</u>
Estimated total	<u><u>14,674</u></u>

The above estimates are prepared based on the key assumption that there will be (i) no material change to the number and amount of salary, remuneration and allowance of the directors, officers and staff of the Group; (ii) no material change to the administrative needs of the Group; and (iii) no material change to the current business operation of the Group. The net proceeds from the Rights Issue together with the internally generated financial resources from the operation of the Group are expected to be sufficient to satisfy the above expected funding needs of the Group for the next 12 months.

### ***Potential Acquisition***

The Group's principal business is restaurant operation in Singapore, which was adversely affected by the prolonged COVID-19 pandemic in the recent years, particularly the regulations and restrictions imposed by the Singapore Government to control the spread of COVID-19. The Group recorded a significant increase in loss in the year ended 31 August 2021 due to the outbreak of COVID-19 since early 2020. As disclosed in the annual reports of the Company, the Group recorded a loss of approximately S\$2.6 million, S\$6.9 million and S\$7.9 million for the year ended 31 August 2022, 2021 and 2020 respectively, and a loss of approximately S\$3.5 million for the year ended 31 August 2019, before the outbreak of COVID-19. Therefore, as disclosed in the 2021/2022 interim report for the six months ended 28 February 2022, the Group plans to implement a number of business strategies to improve the overall profitability of the Group, including but not limited to (i) further expansion to acquire the restaurant business in Greater Bay Area which is showing signs of revival from COVID-19 pandemic as in-person events and lunches return, amid calls for the city's strict social-distancing curbs to be eased; and (ii) continue to expand into more market segments by pursuing a multi-brand and multi-concept strategy.

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## LETTER FROM THE BOARD

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The Board notes that the outbreak of the fifth wave of COVID-19 in Hong Kong during February 2022 to May 2022 (the “**Fifth Wave**”) dealt a heavy blow to local economic and a number of companies have seen to be lacking sufficient funding and have going concern problem. According to the Hong Kong Federation of Restaurants and Related Trades, approximately 300 restaurants in Hong Kong were closed permanently due to the impact of COVID-19 and approximately 5,000 restaurants in Hong Kong, representing one-third of restaurants in Hong Kong, have been considering to suspend operations amid the Fifth Wave.

Nevertheless, the Hong Kong economy started recovering gradually since the second half of 2022 driven by the easing of the social distancing policies, dining restrictions and entry restrictions for inbound travellers in Hong Kong, which expects to favour the development of the Hong Kong’s hospitality industries including the food and beverage sector. Based on the provisional figures on restaurant receipts and purchases published by the Hong Kong’s Census and Statistics Department, the value of total receipts of Hong Kong’s restaurants sector in 2020, 2021 and 2022 was provisionally estimated at approximately HK\$79 billion, HK\$92 billion and HK\$86 billion respectively. For the year ended 31 December 2021, the value of the total restaurant receipts rebounded by 16.8% over the low base of comparison in 2020. While, the value of total receipts of Hong Kong’s restaurants sector in the fourth quarter of 2022 was provisionally estimated at HK\$25.5 billion, being the highest among all quarters in 2020 to 2022. In light of the above, the Board consider that the Hong Kong’s restaurants sector is gradually recovering from the impact of the COVID-19 pandemic.

Taking in to account (i) the significant rebound of the Hong Kong’s restaurants sector in 2021 and 2022; and (ii) the growth potential of the Hong Kong’s restaurants sector post-COVID-19, the Board considers that it presents a commercially sensible opportunity for the Group to acquire valuable restaurants in the Hong Kong market at a relatively lower cost due to the lack of bargaining power of these company that were affected by and are still recovering from the impact of COVID-19 pandemic in Hong Kong as a way to capitalise on the opportunity arising from the post-COVID-19 rebound in Hong Kong’s consumption demand, and believe the Potential Acquisition will maximise the return to the Group, the Company and its Shareholder in the long run.

The Potential Target Company is principally engaged in the operation of a Hong Kong-style hotpot restaurant located in Hung Hom with a total of 12 workers (the “**Restaurant**”). The Restaurant has commenced operation since 8 December 2020 and mainly offers Hong Kong-style hotpot and Chinese cuisine. Based on the unaudited financial information of the Potential Target Company prepared in accordance with the Hong Kong accounting standards for the year ended 31 January 2023, the Potential Target Company recorded revenue and net profit of approximately HK\$10.5 million and HK\$2.5 million respectively. The unaudited net asset value of the Potential target Company as at 31 January 2023 was approximately HK\$1.8 million. The Company has indeed formulated a preliminary development plan of the Potential Target Company. As the Company mainly focuses on the food and beverage industry in Singapore since its incorporation, the acquisition of the Potential Target Company acts as a stepping-stone for the Company to expand its business in a new field of the food and beverage industry (i.e. hotpot restaurant) in Hong Kong market. In order to attain its business goal, the Company will also release new menu based on market demands and customer preference from time to time. In addition, as normal travel

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## LETTER FROM THE BOARD

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between Hong Kong and the Mainland has resumed since 6 February 2023 and the mask rules in Hong Kong has cancelled on 1 March 2023, it is expected that the turnover of the Potential Target Company will have significant increase. The Company will definitely seize the opportunity to further expand its business by increasing the number as well as the variety of the restaurants.

The Company has arranged site visit to the Potential Target Company on 2 December 2022 and the directors of the Company have conducted market due diligence, site visit, market research and interviews with the management team of the Potential Target Company. The Board expects that the estimated amount of the consideration of the Potential Acquisition would be in a range of approximately HK\$20.0 million to HK\$24.0 million, which are still subject to further negotiations between the Company and the Potential Target. Accordingly, assuming full subscription under the Rights Issue, the Board intends to apply the remaining balance of approximately HK\$7.5 million (S\$1.3 million), being approximately 15.7% of the net proceeds of the Rights Issue for settling part of the consideration and to finance the transaction expenses relating to the Potential Acquisition. The expected remaining consideration of the Potential Acquisition is approximately HK\$12.5 million to HK\$16.5 million (the “**Remaining Consideration**”) will be financed by the Company’s internal resources. In any event that the Company does not have sufficient internal resources to finance the Remaining Consideration, the Directors would further negotiate the terms of the Proposed Acquisition with the Potential Target Company to reduce the equity acquisition ratio and the consideration of the Potential Acquisition to ensure the Company can finance the Potential Acquisition with its internal resources. The Potential Acquisition is conditional on the completion of the Rights Issue to ensure the Group has resources to finance the Proposed Acquisition and for it to enhance its bargaining power in the negotiation with the Potential Target Company. Immediately upon completion of the Rights Issue, the Board will finalize the terms of the Potential Acquisition with the Potential Target Company and expects to complete the Potential Acquisition by 31 July 2023. Upon completion of the Potential Acquisition, the Board expects to appoint the General Operating Manager of the Company who is experienced in the operation of Cantonese restaurant in Hong Kong, to oversee the operation of the Potential Target Company. The Potential Acquisition, if materialised, may constitute a discloseable transaction (as defined under the GEM Listing Rules) for the Company under the GEM Listing Rules. The Company will make further announcement(s) on the Potential Acquisition as and when appropriate in accordance with the GEM Listing Rules.

### **Fund-raising alternatives**

Apart from the Rights Issue, the Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new shares and open offer. The Group was loss-making for both FY2022 and FY2021 with net losses of approximately S\$2.6 million and S\$6.9 million respectively. Given that the Group recorded consecutive losses for FY2022 and FY2021, the Board considers that it could be unlikely for the Group to obtain bank borrowings at favourable terms in a timely manner. The Board also notes that bank borrowings, if available, would result in additional interest burden, higher gearing ratio of the Company and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. As for placing of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company which is not the intention of the Company and it is relatively smaller in scale as compared to fund raising through rights issue. As

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## LETTER FROM THE BOARD

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for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As opposed to open offer, Rights Issue would allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares. Although an open offer is similar to a rights issue which provides the Shareholders with equal opportunity to participate in proportion to their existing shareholder interest, the Board considers that an open offer is less favourable to the Shareholders compared to a rights issue due to the flexibility of the shareholders being able to sell their entitled nil-paid rights when they do not wish to take up the entitlements under the rights issue.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

The possible maximum dilution effect to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 66.7%. Having considered (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue and their shareholding interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; (ii) all Qualifying Shareholders have the opportunity to realise their nil-paid rights in the market; and (iii) the Rights Issue would enable the Group to improve its financial position, the Board is of the view that the potential dilution effect on the shareholding, which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro rata Rights Shares, is acceptable and justifiable.

As at the Latest Practicable Date, save as disclosed in this Prospectus, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

### THE MOU

The principal terms of the MOU are set out as follows:

#### **Date**

16 March 2022 (as supplemented by the supplemental memorandum of understanding dated 15 March 2023)

#### **Parties to the MOU**

Purchaser: The Company

Seller: The Potential Vendor

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## LETTER FROM THE BOARD

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### Conditions precedent

The completion of the Potential Acquisition shall be subject to the satisfaction or waiver, on or before 31 December 2023, each of the following conditions:

- (a) all necessary approvals by the shareholders of the Company (if any), government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents for the transactions contemplated under the definitive and binding agreement to be entered into between the Company and the Potential Vendor (the “**Agreement**”) being obtained, and if any of such shareholders’, governmental and regulatory and/or corporate approvals and consents are given subject to conditions, then provided that such conditions are reasonably acceptable to the Company;
- (b) the Company having completed the due diligence and having notified the Potential Vendor that the due diligence results are satisfactory provided that such notification shall not prejudice in any manner whatsoever any of the Company’s right in respect of a claim pursuant to the Potential Vendor’s warranties and the undertakings given by the Potential Vendor under the Agreement;
- (c) all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules and all relevant regulatory requirements in Hong Kong) in relation to the Potential Acquisition having been complied with and satisfied;
- (d) the Potential Vendor’s warranties having remained true and accurate in all material respects;
- (e) the Potential Target Company having performed and complied with all agreements, obligations and conditions contained in the Agreement that are required to be performed or complied with by it on or before completion of the Potential Acquisition; and
- (f) no material adverse change or prospective material adverse change in the Potential Target Company’s business, operations, financial conditions or prospects has occurred since the date of signing of the Agreement.

### Completion

The MOU dated 16 March 2022 targeted to complete the acquisition of the Potential Target Company within 180 days from the signing of the MOU whereas the supplemental MOU has specified the completion date of the acquisition to on or before 31 December 2023.

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## LETTER FROM THE BOARD

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### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes in the shareholding structure of the Company arising from the Rights Issue which are for illustrative purpose only.

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming all Shareholders take up their respective allotment of Rights Shares in full; and (iii) immediately after completion of the Rights Issue, assuming no Shareholders take up any of the Rights Shares and the Underwriter takes up all the Rights Shares in full:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming all Shareholders take up their respective allotment of Rights Shares in full		Assuming no Shareholders take up any of the Rights Shares and the Underwriter takes up all the Rights Shares	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Fast Glory Group Limited	3,168,500	7.2	9,505,500	7.2	3,168,500	2.4
Canola Investment Holdings Limited (Notes 1, 2 and 3)	3,049,900	6.9	9,149,700	6.9	3,049,900	2.3
Subtotal of the Underwriter and the Sub-underwriter (as defined below) (Note 4)	–	–	–	–	88,000,000	66.7
Other public Shareholders	37,781,600	85.9	113,344,800	85.9	37,781,600	28.6
Total	44,000,000	100.0	132,000,000	100.0	132,000,000	100.0

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## LETTER FROM THE BOARD

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*Notes:*

1. 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 Wei Han, Melvyn (“**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, 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. Under the SFO, each of Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai is deemed to be interested in 3,049,900 Shares held by Canola.
2. Ms. Ong Hui Hui (“**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.
3. Ms. Teo Yan Qi Sharon (“**Ms. Teo**”) is the spouse of Mr. Tan and she is deemed to be interested in the Shares which are beneficially owned and deemed to be held by Mr. Tan under the SFO.
4. This is for illustrative purpose only. Pursuant to the terms of the Underwriting Agreement, in the event the Underwriter or any of the sub-underwriters is required to, on a best effort and non-fully underwritten basis, subscribe or procure the subscription of Underwritten Shares that are not otherwise taken up:
  - (a) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares that are not otherwise taken up which will result in the shareholding of itself and parties acting in concert with it to own 30% or more of the voting rights of the Company upon completion of the Rights Issue; and
  - (b) the Underwriter shall ensure that (i) each of the sub-underwriters and independent placees and/or subscribers procured by any of them shall be third party independent from, not acting in concert with and not connected with the Directors or chief executive of the Company or substantial Shareholders of the Company or their respective associates; and (ii) save for the Underwriter itself and its associates, each of the independent placees procured by the sub-underwriter shall not, together with any party acting in concert with them, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.

On 18 May 2022, the Underwriter entered into a sub-underwriting agreement the (“**Sub-underwriting Agreement**”), which is subject to the terms and conditions of the Underwriting Agreement, with a sub-underwriter (the “**Sub-underwriter**”). Pursuant to the Sub-underwriting Agreement, the Sub-underwriter shall sub-underwrite up to 17,543,860 untaken Rights Shares at the Subscription Price upon being requested by the Underwriter. As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief, the Sub-underwriter and its ultimate beneficial owners did not hold any Shares, and they are third parties independent of and not connected with the Company and its connected persons.
5. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

### EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The Company had not carried out any equity fundraising activities in the 12 months immediately preceding the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which include, but are not limited to, the following:

#### **Business risk**

As at the Latest Practicable Date, the Group is operating a total of eight self-operated restaurants, based in Singapore. As such, the business operation of the Group is highly dependent upon the performance of the food and beverage market in Singapore, which may be affected by various factors beyond the Group's control. In the event Singapore experiences any significant economic downturn due to imbalances in the local economy, disturbances in local financial markets or if more restrictive government policies on the food and beverage market are imposed due to the development of the COVID-19 pandemic, the business, results of operations and financial conditions of the Group may be materially and adversely affected.

#### **Reliance on major suppliers**

As disclosed in the 2021/2022 annual report for the year ended 31 August 2022, purchases from the Group's five largest suppliers for the Year accounted for 36.4% of the Group's total purchases of raw materials and consumables consumed. During the Year, purchases from the Group's largest supplier accounted for 8.6% of the Group's total purchases of raw materials and consumables. There is no guarantee that the Group will not suffer from any shortage of suppliers in the future. Should any of the major suppliers reduce the volume supplied to the Group, the Group may need to find alternative suppliers on similar sale terms and conditions acceptable. If the Group fail to do so in a timely manner, its production of food products may have to be interrupted, its production costs may increase and the business, financial condition, results of operations and growth prospects may therefore be materially and adversely affected.

### WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

**The Rights Issue will proceed on a non-fully underwritten basis and there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.**

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "Termination of the Underwriting Agreement" in this Prospectus). Accordingly, the Rights Issue may or may not proceed.



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## LETTER FROM THE BOARD

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Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 4 April 2023 to Friday, 14 April 2023 (both dates inclusive). Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

### GEM LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital or the market capitalization of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As disclosed in the Poll Results Announcement, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder were approved by the Independent Shareholders at the EGM.

The Company had not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

For and on behalf of  
**K Group Holdings Limited**  
**Zhou Junqi**  
*Chairman and Executive Director*

**A. FINANCIAL INFORMATION OF THE COMPANY**

The audited financial information of the Group for (i) each of the year ended 31 August 2020, 2021 and 2022 are disclosed in the annual reports of the Company for each of the year ended 31 August 2020, 2021 and 2022, respectively; and (ii) the unaudited financial information of the Group for the three months ended 30 November 2022 are disclosed in the first quarterly report of the Company. The aforesaid annual reports and quarterly report of the Company are available on both the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company ([www.kgroup.com.hk](http://www.kgroup.com.hk)). Set out below are links to the relevant annual reports and quarterly report of the Company:

- (a) annual report of the Company for the year ended 31 August 2020 (pages 81 to 158), which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/1126/2020112600019.pdf>

- (b) annual report of the Company for the year ended 31 August 2021 (pages 84 to 154), which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/1126/2021112601568.pdf>

- (c) annual report of the Company for the year ended 31 August 2022 (pages 54 to 124), which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/1215/2022121501198.pdf>

- (d) first quarterly report for the three months ended 30 November 2022 (pages 3 to 11), which can be found at:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0113/2023011301143.pdf>

**B. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 January 2023, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness prior to the publication of this Prospectus, the total indebtedness of the Group amounted to approximately S\$2.1 million, which comprised of unsecured and guaranteed third party borrowings of approximately S\$0.7 million and lease liabilities in respect of various premises and motor vehicle of approximately S\$1.4 million.

Save as disclosed above or as otherwise disclosed herein, and apart from intra-group liabilities within the Group and normal trade and other payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans of other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptances credits, debentures, mortgages, charges, other recognised lease liabilities or lease commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 31 January 2023.

The Directors confirmed that the Group does not have any plans for material external debt financing and no material changes in the indebtedness and contingent liabilities of the Group since 31 January 2023 up to and including the Latest Practicable Date.

**C. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, after taking into account of the existing bank balances and cash, other borrowings, lease liabilities, loan facility from an independent third party and subject to the successful subscription of the entire Rights Issue with estimated net proceeds of approximately HK\$47.8 million (equivalent to approximately of S\$8.2 million), the Group has sufficient working capital for its present requirements for at least twelve months from the date of this Prospectus. However, if the Rights Issue cannot proceed or is not entirely subscribed for any reason, the Group may not have sufficient working capital for its business for the next twelve months. The Group will take steps to conduct further fund raising exercise including debt and/or equity financing activities as and when appropriate.

**D. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed there has been no material change in the financial or trading position of the Group since 31 August 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is a multi-brand restaurant group headquartered in Singapore, principally engaged in restaurant operations, sale of food ingredients and subfranchising, licensing/sub-licensing businesses. The Group offers Korean, Japanese and Malaysian cuisines with casual dining concepts that target the middle-income mass market in Singapore and has been expanding its network to other Southeast Asian countries.

In order to foster the business development of the Group and maintain its competitiveness, the Group will continue to implement the following key strategies: (i) replicate the Group's success through further expansion to acquire the restaurant business in Greater Bay Area which is showing signs of revival from the COVID-19 pandemic as in-person events and lunches return, amid calls for the city's strict social-distancing curbs to be eased; and (ii) continue to expand into more market segments by pursuing a multi-brand and multi-concept strategy. The Group plans to further promote the brand image and intend to identify targets which adopt innovative business models and possess development and growth potential or whose business models can create synergies with the Group's business.

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**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP**

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**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared by the Directors in accordance with paragraph 31 of Chapter 7 of the GEM Rules is set out below to illustrate the effect of the completion of the share consolidation on the basis of ten existing shares into one consolidated share (the “Share Consolidation”) and the Rights Issue on the basis of two rights shares for every one consolidated share on the Group’s audited consolidated net tangible assets as if the Rights Issue had been completed on 31 August 2022.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose only, based on the judgments and assumptions of the directors of the Company and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date following the completion of the Share Consolidation and Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the audited consolidated statement of financial position of the Group as at 31 August 2022, as extracted from the published annual report of the Company for the year ended 31 August 2022, with adjustments described below.

	<b>Audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 August 2022</b>	<b>Estimated net proceeds from the Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue</b>
	<i>S\$’000</i>	<i>S\$’000</i>	<i>S\$’000</i>
	<i>(Note i)</i>	<i>(Note ii)</i>	
Based on Rights Issue of 88,000,000 Rights Shares at subscription price of HK\$0.57 per Rights Share	<u>(6,606)</u>	<u>8,210</u>	<u>1,604</u>

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**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP**

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**Unaudited pro  
forma adjusted  
consolidated  
net tangible  
(liabilities)/assets  
of the Group  
per share  
attributable  
to owners of  
the Company  
as at 31 August  
2022  
S\$'cents**

<p>Unadjusted pro forma adjusted consolidated net tangible liabilities of the Group per share attributable to owners of the Company as at 31 August 2022 before the completion of the Share Consolidation and Rights Issue (<i>Note iii</i>)</p>	<p>(1.50)</p> <hr style="border-top: 3px double black;"/>
<p>Unadjusted pro forma adjusted consolidated net tangible liabilities of the Group per share attributable to owners of the Company as at 31 August 2022 after the completion of the Share Consolidation but before Rights Issue (<i>Note iv</i>)</p>	<p>(15.01)</p> <hr style="border-top: 3px double black;"/>
<p>Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributed to owners of the Company after the completion of the Share Consolidation and Rights Issue (<i>Note v</i>)</p>	<p>1.22</p> <hr style="border-top: 3px double black;"/>

*Notes:*

- (i) The audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 31 August 2022 of approximately S\$6,606,000 has been arrived at based on the deficit attributable to owners of the Company of approximately S\$6,498,000 as adjusted to exclude the intangible assets of approximately S\$108,000 as shown on the audited consolidated statement of financial position of the Group as at 31 August 2022 extracted from the published annual report of the Company for the year ended 31 August 2022.
- (ii) The estimated net proceeds from the Rights Issue of approximately HK\$47,728,000 (equivalent to approximately S\$8,210,000) is calculated based on 88,000,000 Rights Shares to be issued (in the proportion of two (2) Rights Shares for every one (1) consolidated share held as at the Rights Issue record date) at the subscription price of HK\$0.57 per Rights Shares, after deduction of the estimated related expenses of approximately HK\$2,432,000 (equivalent to approximately S\$418,000), assuming that the Rights Issue had been completed on 31 August 2022.
- (iii) The number of shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible liabilities of the Group per share attributable to the owners of the Company before the completion of the Share Consolidation and the Rights Issue, is based on 440,000,000 shares in issue as at 31 August 2022.

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**APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP**

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- (iv) The number of shares used for calculation of the unaudited pro forma adjusted consolidated net tangible liabilities of the Group per share attributable to the owners of the Company prior to the completion of the Rights Issue is based on 44,000,000 in issue immediately after the completion of Share Consolidation as if the Share Consolidation has been completed on 31 August 2022.
- (v) The number of shares, with the assumption that the Share Consolidation had become effective on 31 August 2022, used in the calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company for the Rights Issue to be issued is as follow:

	<b>Number of ordinary shares</b>
Issued and fully paid as at 31 August 2022	440,000,000
	<hr/>
Number of shares of the Company upon the Share Consolidation	44,000,000
Two Rights Share to be issued for every one consolidated share on the record date	88,000,000
	<hr/>
Number of shares of the Company after Rights Issue share issue on the basis of two Rights Shares for every one consolidated share on the record date	132,000,000
	<hr/> <hr/>

- (vi) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 31 August 2022 immediately after the completion of the Share Consolidation and Rights Issue as if the Share Consolidation and Rights Issue had been completed on 31 August 2022, but does not take account any shares which may have been or may be issued upon the exercise of options granted under the share option scheme (if any) subsequent to 31 August 2022.
- (vii) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 August 2022.

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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### B.      INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILED OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report received from the independent reporting accountants of the Company, TANDEM (HK) CPA Limited, Certified Public Accountants, Hong Kong, prepared for the sole purpose of inclusion in this Prospectus, in respect of the Unaudited Pro Forma Financial Information of the Company.*

**TANDEM** TANDEM (HK) CPA Limited  
灝天(香港)會計師事務所有限公司

TANDEM (HK) CPA Limited  
灝天(香港)會計師事務所有限公司  
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[www.tandemhk.com](http://www.tandemhk.com)

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILED OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

*To the Directors of K Group Holdings Limited*

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of the Group by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 August 2022 and related notes (the “**Unaudited Pro Forma Financial Information**”) of the Group as set out in Appendix II to the Prospectus dated 31 March 2023 (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the rights issue of 88,000,000 rights shares at HK\$0.57 per rights shares (the “**Rights Shares**”) on the basis of two (2) Rights Shares for every one (1) consolidated share of the Company held on the rights issue record date (the “**Rights Issue**”) on the Group’s audited consolidated net tangible liabilities attributable to owners of the Company as at 31 August 2022 as if the Rights Issue had taken place on 31 August 2022. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s audited consolidated financial statements for the year ended 31 August 2022, on which an annual report has been published.

#### **Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing The Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 August 2022 would have been as presented.



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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

**TANDEM (HK) CPA Limited**

*Certified Public Accountants*

**Tang Chi Chiu**

Practising Certificate Number: P05736

Hong Kong

31 March 2023

## 1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

### (i) As at the Latest Practicable Date

	<i>HK\$</i>
<i>Authorised:</i>	
<u>400,000,000</u> Shares of HK\$0.1 each	<u>40,000,000</u>
	<i>HK\$</i>
<i>Issued and fully paid:</i>	
<u>44,000,000</u> Shares of HK\$0.1 each	<u>4,400,000</u>

- (ii) **Immediately after completion of the Rights Issue (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or through the Underwriter)**

*HK\$*

*Authorised:*

<u>400,000,000</u> Shares of HK\$0.1 each	<u>40,000,000</u>
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*HK\$*

*Issued and fully paid:*

<u>44,000,000</u> Shares of HK\$0.1 each	<u>4,400,000</u>
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88,000,000 Rights Shares to be allotted and issued under the Rights Issue of HK\$0.1 each	<u>8,800,000</u>
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<u>132,000,000</u> Shares in issue immediately upon completion of the Rights Issue	<u>13,200,000</u>
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All of the Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank pari passu with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Shares and the Rights Shares in issue and to be issued are or will be listed on GEM.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares. The Company did not have any other options, warrants or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

## 3. DISCLOSURE OF INTERESTS

**Director's and chief executive's interests in the Company**

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

*(i) Long position in the Shares*

Name of Directors/ Chief executive	Capacity/ Nature of interest	Number of Shares/ underlying Shares interested <i>(Note 1)</i>	Approximate percentage of the Company's issued Shares
Mr. Yeap <i>(Note 2)</i>	Interest held jointly with another person	3,049,900	6.9%

*Notes:*

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

*(ii) Long position in the shares of associated corporation of the Company*

<b>Name of Directors/ Chief executive</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares interested</b> <i>(Note 1)</i>	<b>Approximate percentage of shareholding</b>
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Mr. Yeap	Canola <i>(Note 2)</i>	Beneficial owner	2,317	23.17%
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*Notes:*

1. All interests stated are long positions.
2. Canola is a direct Shareholder of the Company and is an associated corporation of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, 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.

As at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

**4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET**

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 August 2022 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Company, or were proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Company.

**5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## 6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into under the ordinary course of business of the Group) have been entered into by the Company within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the Underwriting Agreement;
- (ii) the Supplemental Underwriting Agreements;
- (iii) the MOU;
- (iv) the Supplemental MOU;
- (v) a placing agreement dated 29 April 2021 entered into between the Company and Easy Securities Limited regarding the placing of bonds issued by the Company in an aggregate principal amount of up to HK\$200,000,000; and
- (vi) a memorandum of understanding entered into between the Company and 廣州邁唯科技有限公司 (Guangzhou Maiwei Technology Co., Ltd.\*) on 15 September 2022 in relation to the potential cooperation on (i) medical healthcare and nutrient products; (ii) healthcare consulting; and (iii) direct distribution channels for brand new medical products using internet-based information technologies.

## 7. LITIGATION

The Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Company as at the Latest Practicable Date.

## 8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes with or may compete with the business of the Company or had any other conflict of interests which any person has or may have with the Company.

## 9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Prospectus or has given opinions, letter or advice contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
TANDEM (HK) CPA Limited	Certified Public Accountants, Hong Kong

\* For identification purposes only

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 August 2022, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

Each of the above expert has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

## 10. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

<b>Board of Directors</b>	Mr. Zhou Junqi ( <i>Chairman</i> ) Mr. Chiang Ming Chun ( <i>Vice Chairman</i> ) Mr. Yeap Wei Han, Melvyn ( <i>Chief Financial Officer</i> ) Ms. Wong Pui Kei Peggy Mr. Chau Wing Nam Mr. Law Chung Lam, Nelson Mr. Lee Ming Yeung, Michael
<b>Headquarters and principal place of business in Singapore</b>	1 Pemimpin Drive #03-04 One Pemimpin Singapore 576151
<b>Principal Place of Business in Hong Kong</b>	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
<b>Registered office</b>	Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Independent reporting accountants</b>	<b>TANDEM (HK) CPA Limited</b> Units 1002-3, 10/F. Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong

<b>Principal bankers</b>	<b>United Overseas Bank</b> 80 Raffles Place UOB Plaza Republic of Singapore 048624
<b>Hong Kong share registrar and transfer office</b>	<b>Boardroom Share Registrars (HK) Limited</b> Room 2103B, 21/F 148 Electric Road North Point Hong Kong
<b>Authorised representatives</b>	Mr. Zhou Junqi 21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong  Mr. Chu Pui Ki Dickson CPA 21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
<b>Company secretary</b>	Mr. Chu Pui Ki Dickson CPA
<b>Legal advisers to the Company as to Hong Kong laws</b>	<b>David Fong &amp; Co.</b> Unit A, 12th Floor China Overseas Building 139 Hennessy Road Wanchai Hong Kong
<b>Underwriter</b>	<b>Kingsway Financial Services Group Limited</b> 7/F, Tower One Lippo Centre 89 Queensway Hong Kong



**11. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY****Particulars of the Directors***(a) Name and address of Directors*

<b>Name</b>	<b>Address</b>
Executive Directors	
Mr. Zhou Junqi	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Mr. Chiang Ming Chun	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Mr. Yeap Wei Han, Melvyn	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Ms. Wong Pui Kei Peggy	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Independent Non-executive Directors	
Mr. Chau Wing Nam	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Mr. Law Chung Lam, Nelson	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong

Name	Address
Mr. Lee Ming Yeung, Michael	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong

(b) *Profiles of Directors*

*Executive Directors*

Mr. Zhou Junqi (“**Mr. Zhou**”), aged 47, was appointed as an independent non-executive Director (the “**INED**”) on 9 April 2021 and re-designated as an executive Director (the “**ED**”) and appointed as the chairman of the Board (the “**Chairman**”) on 24 June 2021. Mr. Zhou is responsible for overseeing the entire Group. Mr. Zhou is experienced in enterprise management. Mr. Zhou was graduated in Nankai University with major in Financial Management and Practice in July 2020. Mr. Zhou is the executive director and general manager of Shenzhen Ruihua Financial Consulting Co., Ltd\* (深圳瑞華財務顧問有限公司) since January 2020. Mr. Zhou was the executive director and general manager of Zhongshan Tiansen Beidou Communication Technology Co., Ltd\* (中山市天森北斗通訊科技有限公司) from August 2017 to January 2020. Mr. Zhou was also the executive director and general manager of Zhongshan Jiayuan Enterprise Management Co., Ltd (中山市嘉源企業管理有限公司) from December 2016 to January 2020.

Mr. Chiang Ming Chun (“**Mr. Chiang**”) (whose former name was Chiang Kai Leung), aged 50, was appointed as an ED on 31 October 2022. He 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 was 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).

\* For identification purposes only

Mr. Yeap Wei Han, Melvyn (“**Mr. Yeap**”), aged 39, is a co-founder of the Group, the chief financial officer (the “**CFO**”) and an ED. Mr. Yeap is responsible for overseeing the financial matters of the Group. He was appointed as a Director on 24 January 2018 and re-designated as an ED on 10 February 2018. Mr. Yeap is currently a director of K Food Holdings, K Bright and K Wealth.

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

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

Ms. Wong Pui Kei Peggy (“**Ms. Wong**”), aged 49, was appointed as an ED on 6 May 2021. Ms. Wong is responsible for overseeing the management of the Group. Ms. Wong was graduated from The Ohio State University in Columbus, Ohio, U.S.A. in 1998 with a degree of Bachelor of Administration in Marketing and Transportation Logistic. She has various marketing and managerial experience.

#### *Independent Non-Executive Directors*

Mr. Chau Wing Nam (“**Mr. Chau**”), aged 35, was appointed as an INED on 6 June 2022. He is the chairman of the audit committee of the Company (the “**AC**”), and a member of each of the remuneration committee of the Company (the “**RC**”) and the nomination committee of the Company (the “**NC**”). He provides independent judgment on the issues of strategy, performance, resources and standard of the Group. 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. Mr. Chau has been an independent non-executive director of Mobile Internet (China) Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1439), since February 2023.

Mr. Law Chung Lam, Nelson (“**Mr. Law**”), aged 61, was appointed as an INED on 23 July 2018. Mr. Law is the chairman of the NC and a member of each of the AC and the RC. He provides independent judgment on the issues of strategy, performance, resources and standard of the Group.

Mr. Law completed secondary education in Hong Kong in 1979.

Mr. Law worked in Manufacturers Hanover Trust Company in Hong Kong (currently known as J. P. Morgan Chase & Co.) from April 1982 to April 1989 with his last position held as a credit account officer. He then worked in First Interstate Bank of California in Hong Kong as an account officer from June 1989 to December 1989. He subsequently worked in Transcontinental Trade & Engineering Limited in Hong Kong from 1990 to 1993 with his last position held as a general manager. From November 1991 to August 1998, Mr. Law worked in Fillpark Limited in Hong Kong with his last position held as a general manager. Mr. Law joined Rank Charm Development Limited in Hong Kong as a general manager from 1994 to 1996. He also worked as a general manager in Wholewin Group in Hong Kong, a company specialised in digital marketing, from 2005 to 2008. Since 2008, Mr. Law has been an associate director of JP Advisory Limited in Hong Kong, a company specialised in corporate finance.

From September 2013 to December 2019, Mr. Law was a non-executive director of Wealth Glory Holdings Limited, the issued shares of which are listed on GEM (stock code: 8269). He has been an independent non-executive director of Man Shun Group (Holdings) Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1746) since June 2018. He has also been the chairman of Angel Fund Company Limited in Hong Kong, a company specialised in property finance since November 2013. Mr. Law has also been the executive chairman and chief financial officer of Sealand Capital Galaxy Limited in London, the issued shares of which are listed on the London Stock Exchange (stock code: SCGL), since July 2015.

Mr. Lee Ming Yeung, Michael (“**Mr. Lee**”), aged 29, was appointed as an INED on 15 December 2021. He is the chairman of the RC and a member of each of the AC and the NC. He provides independent judgment on the issues of strategy, performance, resources and standard of the Group. 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 has been a non-executive director of Amuse Group Holding Limited (stock code: 8545), the issued shares of which are listed on GEM of the Stock Exchange, since September 2021.

\* For identification purposes only

**Particulars of Senior Management****(a) Name and address of Senior Management**

Name	Address
<b>Senior Management</b>	
Mr. Lai Weijie, Terence	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Mr. Derek Lai Weikang	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Mr. Khor Meng Kian	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong
Mr. Zhou Ming	21/F., Grand Millennium Plaza 181 Queen's Road Central Sheung Wan Hong Kong

**(b) Profiles of Senior Management**

Mr. Lai Weijie, Terence (“**Mr. Terence Lai**”), aged 41, was appointed as a Director of the Group on 24 January 2018 and re-designated as an ED on 10 February 2018 and retired as an ED on 26 February 2021. Mr. Terence Lai is responsible for overseeing the operation of the Group and is a director of all of the subsidiaries of the Company, including K Food Holdings Pte. Ltd. (“**K Food Holdings**”), Gangnam Kitchen Pte. Ltd. (“**Gangnam Kitchen**”), Kogane Yama Restaurants Pte. Ltd. (“**Kogane Yama**”), After School Pte. Ltd. (“**After School**”), K Food Restaurants Sdn. Bhd. (“**K Food Restaurants**”), K Food Master Holdings Sdn. Bhd. (“**K Food Master**”), NY Night Market Pte. Ltd. (“**NY Night Market**”), Nipong Naepong Singapore Pte. Ltd. (“**Nipong Naepong**”), NY Night Market (313) Pte. Ltd. (“**NY Night Market 2**”), SB 313 Pte. Ltd. (“**Sora Boru**”), NY Night Market Vivo Pte. Ltd. (“**NY Night Market 3**”), TBN Bugis Pte. Ltd. (“**TBN Bugis**”), TBN NPC Pte. Ltd. (“**TBN NPC**”), Kota Bak Kut Teh (SG) Pte. Ltd. (“**Kota Bak Kut Teh**”) and K Investment Holdings Limited (“**K Investment**”).

Mr. Terence Lai obtained a Diploma in Business Studies (Marketing) from Ngee Ann Polytechnic in Singapore in August 2001. He further obtained a Master of Business Administration from Murdoch University in Australia in October 2008. Prior to joining the Group, Mr. Terence Lai worked as an unit manager in AIA Group Limited in Singapore from February 2002 to August 2008. He then worked as a business development manager in The Hongkong and Shanghai Banking Corporation Limited in Singapore from September 2008 to October 2009. He started working as a field representative in Prudential Assurance Company Singapore (Pte) Limited in July 2010, and has been a group financial services director since January 2012. Mr. Terence Lai is an elder brother of Mr. Derek Lai Weikang (“**Mr. Derek Lai**”), the general operations manager of the Group.

Mr. Derek Lai Weikang (“**Mr. Derek Lai**”), aged 38, has been the general operations manager of the Group since November 2014. Mr. Derek Lai is responsible for overseeing and assisting the Group’s operational matters alongside the CEO. Mr. Derek Lai obtained a Diploma in Interior Design from the Nanyang Academy of Fine Arts in Singapore in 2006. Prior to joining the Group, Mr. Derek Lai worked as an assistant manager in OKH Holdings Pte. Ltd in Singapore, a subsidiary of OKH Global Ltd, the issued shares of which are listed on the Singapore Exchange (stock code: S3NC) from 2006 to 2008. He then worked as a manager in I-Unity Business Pte. Ltd. in Singapore from 2008 to 2011. He subsequently worked as a financial advisor in Prudential Assurance Company Singapore (Pte) Limited in Singapore from 2014 to 2015. Mr. Derek Lai is a younger brother of Mr. Terence Lai.

Mr. Khor Meng Kian (“**Mr. Khor**”), aged 30, is the kitchen operation manager of the Group. Mr. Khor is primarily responsible for overseeing and managing all kitchen matters of the Group. Mr. Khor first joined the Group as a kitchen supervisor in February 2015 and was appointed as a kitchen manager in August 2017. Mr. Khor completed secondary education in Malaysia in December 2010. Prior to joining the Group, Mr. Khor worked as an assistant supervisor in Mr. Bean Pte. Ltd in Singapore from March 2011 to February 2012. From April 2012 to April 2014, he worked as a sushi chef in Musturi Japanese Restaurant in Singapore. He then worked as a supervisor in Bonchon Singapore Pte. Ltd from May 2014 to January 2015.

Mr. Zhou Ming (“**Mr. Zhou**”), aged 46, is the kitchen operation manager of the Group. Mr. Zhou is also responsible for overseeing and managing all kitchen matters of the Group. Mr. Zhou first joined the Group as a kitchen crew in February 2015 and was appointed as a kitchen manager in August 2017. Mr. Zhou completed secondary education in the People’s Republic of China (the “**PRC**”) in July 1995. Prior to joining the Group, Mr. Zhou worked as a kitchen supervisor in Gongxiao Restaurant\* in PRC from July 1999 to April 2002. He subsequently worked in Liaozhongsanyuan clothes store\* in PRC as a sales assistant from May 2002 to November 2004. He then worked as a kitchen supervisor at Ziuga Fungmei Restaurant\* in PRC from January 2005 to December 2006, and as a kitchen manager in Fish & Co. in Singapore from February 2007 to April 2012. From April 2014 to January 2015, Mr. Zhou worked in Beauty, Body and Health Hall\* in PRC.

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

\* For identification purposes only

**11. AUDIT COMMITTEE**

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised three independent non-executive Directors, namely, Mr. Chau Wing Nam, Mr. Law Chung Lam Nelson and Mr. Lee Ming Yeung Michael. The Audit Committee is chaired by Mr. Chau Wing Nam. The primary duties of the Audit Committee include, among others, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) 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; and (c) reviewing the financial controls, internal control and risk management systems.

**12. COMPANY SECRETARY**

Mr. Chu Pui Ki Dickson CPA, was appointed as a company secretary on 18 October 2021. He is the company secretary of the Group. He is a member of the Hong Kong Institute of Certified Public Accountants.

**13. EXPENSES**

The expenses in connection with the Rights Issue, including professional fees payable to financial adviser, legal advisers and other parties involved in the Rights Issue, are estimated to be approximately HK\$2.4 million and will be payable by the Company.

**14. BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

**15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “9. Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**16. DOCUMENTS ON DISPLAY**

Copies of the following documents are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.kgroup.com.hk](http://www.kgroup.com.hk)) during the period of 14 days from the date of this Prospectus:

- (a) the MOU;
- (b) the Supplemental MOU;
- (c) the Underwriting Agreement;
- (d) the Supplemental Underwriting Agreements;
- (e) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II of this Prospectus;
- (f) the written consent referred to in the paragraph headed “9. Expert and Consent” in this appendix;
- (g) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (h) the letter from the Board, the text of which is set out on pages 8 to 36 of this Prospectus; and
- (i) this Prospectus.

**17. MISCELLANEOUS**

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) The Group mainly operates in Singapore 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.
- (c) As at the Latest Practicable Date, save as disclosed elsewhere in this Prospectus, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group’s business.
- (d) In the event of any inconsistency, the English texts of this Prospectus Documents shall prevail over their respective Chinese texts.