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K GROUP HOLDINGS LIMITED

千盛集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8475)

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS
FOR NINE MONTHS ENDED 31 MAY 2022**

The board of directors (the “**Directors**”) of K Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated financial results of the Group for the three months and nine months ended 31 May 2022. This announcement, containing the full text of the 2021/22 third quarterly report of the Company (the “**2021/22 Third Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM**” and the “**GEM Listing Rules**”, respectively) in relation to the information to accompany preliminary announcement of quarterly results. The printed version of the 2021/22 Third Quarterly Report will be despatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.kgroup.com.hk in due course in the manner as required by the GEM Listing Rules.

For and on behalf of

K Group Holdings Limited

Zhou Junqi

Chairman and Executive Director

Singapore, 15 July 2022

As at the date of this announcement, the executive Directors are Mr. Zhou Junqi (Chairman), Mr. Yeap Wei Han, Melvyn (Chief Financial Officer), Ms. Wong Pui Kei Peggy and Mr. Xie Jianlong; the non-executive Director is Mr. Liu Junjie (Vice Chairman) and the independent non-executive Directors are Mr. Chau Wing Nam, Mr. Law Chung Lam, Nelson and Mr. Lee Ming Yeung, Michael.

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

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.kgroup.com.hk.

KGroup

KGROUP HOLDINGS LIMITED

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**THIRD QUARTERLY REPORT
2021/2022**



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

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

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

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



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THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated financial statements of the Group for the three months and nine months ended 31 May 2022 (the “**Period**” and the “**Unaudited Condensed Consolidated Financial Statements**”, respectively) together with comparative unaudited figures for the corresponding three months and nine months period in 2021 (the “**Last Corresponding Period**”) as follows:

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 MAY 2022

		Three months ended		Nine months ended	
		31 May		31 May	
		2022	2021	2022	2021
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Notes	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	5	3,511	3,916	10,357	13,023
Other income	6(a)	104	312	1,016	1,661
Other losses, net	6(b)	(30)	(34)	(36)	(112)
Cost of inventories consumed		(939)	(1,097)	(2,721)	(3,573)
Staff costs		(1,297)	(1,317)	(3,754)	(4,284)
Depreciation and amortisation		(476)	(1,301)	(1,599)	(4,122)
Rental and related expenses		(469)	(199)	(837)	(625)
Utility expenses		(138)	(152)	(435)	(431)
Marketing and advertising expenses		(31)	(85)	(41)	(226)
Franchise and licensing fees		(53)	(55)	(159)	(189)
Other operating expenses		(613)	(702)	(1,897)	(2,141)
Finance costs	7	(190)	(154)	(590)	(487)
Loss before tax	8	(621)	(868)	(696)	(1,506)
Income tax credit/(expense)	9	–	(1)	17	(1)
Loss for the period		(621)	(869)	(679)	(1,507)
Loss per share attributable to ordinary equity holders of the parent	11				
Basic and diluted (SGD cents)		(0.14)	(0.20)	(0.16)	(0.35)

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 MAY 2022

	Three months ended 31 May		Nine months ended 31 May	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Other comprehensive income				
<i>Item that may be subsequently reclassified to profit or loss in the subsequent period:</i>				
Exchange differences arising on translation of foreign operations	28	21	27	17
Total comprehensive loss for the period	(593)	(848)	(652)	(1,490)
(Loss)/profit for the period attributable to:				
Owners of the parent	(625)	(886)	(710)	(1,530)
Non-controlling interests	4	17	31	23
	(621)	(869)	(679)	(1,507)
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(608)	(873)	(694)	(1,519)
Non-controlling interests	15	25	42	29
	(593)	(848)	(652)	(1,490)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 MAY 2022

	Attributable to owners of the parent						Non-controlling interests SGD'000	Total equity SGD'000
	Share capital SGD'000	Share premium SGD'000	Capital reserve SGD'000	Accumulated losses SGD'000	Translation reserve SGD'000	Sub-total SGD'000		
At 1 September 2021 (audited)	764	11,853	4,507	(20,129)	8	(2,997)	(898)	(3,895)
(Loss)/profit for the period	-	-	-	(710)	-	(710)	31	(679)
Exchange differences on translation of foreign operations	-	-	-	-	16	16	11	27
Total comprehensive (loss)/income for the period	-	-	-	(710)	16	(694)	42	(652)
At 31 May 2022 (unaudited)	764	11,853	4,507	(20,839)	24	(3,691)	(856)	(4,547)
At 1 September 2020 (audited)	764	11,853	4,507	(13,407)	4	3,721	(694)	3,027
(Loss)/profit for the period	-	-	-	(1,530)	-	(1,530)	23	(1,507)
Exchange differences on translation of foreign operations	-	-	-	-	11	11	6	17
Total comprehensive (loss)/income for the period	-	-	-	(1,530)	11	(1,519)	29	(1,490)
At 31 May 2021 (unaudited)	764	11,853	4,507	(14,937)	15	2,202	(665)	1,537

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

K Group Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on GEM. The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands, and the principal place of business of the Company in Singapore located at 1 Grange Road, Orchard Building, #12-01, Singapore 239693.

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

- Restaurant operations
- Sales of food ingredients
- Provision of franchise and royalty services

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

2. BASIS OF PRESENTATION

The Group incurred a loss attributable to owners of the parent of the Company of SGD710,000 for the period ended 31 May 2022 and had net liabilities and net current liabilities status as at that date. The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as going concern.

The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance to continue as going concern. In the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration the following:

- (i) several substantial shareholders of the Company have confirmed that they shall provide continuous financial support to the Group for a period of twelve months from the date of approval of the condensed consolidated financial statements by the Directors;
- (ii) having regard to measures to tighten controls over expenses and to better manage the Group’s working capital, the Directors believe that the Group is able to continue to generate sufficient cash flows from operations; and

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- (iii) has engaged financial adviser and legal adviser to organize fund-raising activities, including the proposed rights issue as detailed in the announcement of the Company dated 18 May 2022.

The Directors believe that, taking into account the above factors, the Group will have sufficient working capital to satisfy its present requirements for at least next 12 months from the end of reporting period.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

3. BASIS OF PREPARATION

The Unaudited Condensed Consolidated Financial Statements together with the comparative unaudited figures for the Corresponding Period (the **"Financial Information"**) have been prepared in accordance with Hong Kong Financial Reporting Standards (**"HKFRSs"**) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (**"HKASs"**) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (**"HKICPA"**), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies and methods of computation used in the preparation of these Unaudited Condensed Consolidated Financial Statements are consistent with those adopted in the preparation of audited consolidated financial statements included in the annual report for the year ended 31 August 2021, except for the adoption of the new and revised HKFRSs (the **"New and Revised HKFRSs"**) (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA that are adopted for the first time for the Unaudited Condensed Consolidated Financial Statements.

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

4. SEGMENT INFORMATION

The Group is principally engaged in restaurant operations, sale of food ingredients and sub-franchising, licensing/sub-licensing businesses. For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable and operating segment which is restaurant operations. The chief operating decision makers ("**CODMs**") of the Group will monitor the results of the Group in restaurant operations as a whole, as the CODMs consider that the sale of food ingredients and provision of franchise and royalty services are relatively insignificant and are ancillary to the restaurant operations. Accordingly, no segmental analysis is presented.

5. REVENUE

	Three months ended		Nine months ended	
	31 May		31 May	
	2022 (unaudited) SGD'000	2021 (unaudited) SGD'000	2022 (unaudited) SGD'000	2021 (unaudited) SGD'000
Restaurant operations	3,507	3,900	10,344	12,959
Sales of food ingredients	–	1	1	19
Provision of franchise and royalty services	4	15	12	45
	3,511	3,916	10,357	13,023

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Geographical information

The Group's restaurant operations and sale of food ingredients are located in Singapore, while the sub-franchising, licensing/sub-licensing businesses are located in Indonesia.

Information about the Group's revenue from external customers is presented based on the location of the customers:

	Three months ended 31 May		Nine months ended 31 May	
	2022 (unaudited) SGD'000	2021 (unaudited) SGD'000	2022 (unaudited) SGD'000	2021 (unaudited) SGD'000
Singapore	3,507	3,901	10,345	12,978
Indonesia	4	15	12	45
	3,511	3,916	10,357	13,023

6. OTHER INCOME AND OTHER LOSSES, NET

6a. Other income

	Three months ended 31 May		Nine months ended 31 May	
	2022 (unaudited) SGD'000	2021 (unaudited) SGD'000	2022 (unaudited) SGD'000	2021 (unaudited) SGD'000
Government grants	13	233	504	965
Others	91	79	512	696
	104	312	1,016	1,661

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6b. Other losses, net

	Three months ended 31 May		Nine months ended 31 May	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Exchange (loss)/gain, net	(30)	(19)	(36)	(23)
Impairment of trade and other receivables	–	(15)	–	(89)
	(30)	(34)	(36)	(112)

7. FINANCE COSTS

	Three months ended 31 May		Nine months ended 31 May	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Interest on bank loans	–	1	–	6
Interest on other loans	112	–	285	–
Interest on trust receipt loans	–	4	3	14
Interest on hire purchase	–	1	–	3
Interest on lease liabilities	78	148	302	464
	190	154	590	487

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. PROFIT/LOSS BEFORE TAX

	Three months ended 31 May		Nine months ended 31 May	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
The Group's loss before tax is arrived at after charging:				
Auditor's remuneration	33	31	105	93
Amortisation of intangible assets	9	16	27	48
Depreciation of plant and equipment	218	388	757	1,180
Depreciation of right-of-use assets	248	897	814	2,893
Directors' remuneration	146	153	494	494
Other staff costs				
– Salaries and allowances	1,052	1,073	3,004	3,487
– Retirement benefit contributions	99	91	256	303
	1,151	1,164	3,260	3,790

9. INCOME TAX CREDIT/(EXPENSE)

	Three months ended 31 May		Nine months ended 31 May	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	SGD'000	SGD'000	SGD'000	SGD'000
Current tax				
– Singapore Corporate Income Tax	–	(1)	17	(1)
Deferred taxation	–	–	–	–
	–	(1)	17	(1)

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. DIVIDEND

No dividend was paid or proposed during the Period (three months and nine months ended 31 May 2021: Nil).

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

The calculation of the basic and diluted loss based on:

Three months ended 31 May		Nine months ended 31 May	
2022	2021	2022	2021
(unaudited)	(unaudited)	(unaudited)	(unaudited)
SGD'000	SGD'000	SGD'000	SGD'000

Loss:

Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculations

(625)	(886)	(710)	(1,530)
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Shares:

Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation

440,000,000	440,000,000	440,000,000	440,000,000
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Diluted loss per share is the same as basic loss per share as there was no potential dilutive ordinary shares in issue for the Period and Last Corresponding Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

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

At the date of this report, the Group had 12 self-operated restaurants and one central kitchen in total, including:

- three restaurants in Singapore under the brand “Chir Chir” pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean fried chicken restaurant chain;
- two restaurants in Singapore under the brand “Masizzim” pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean stew dish restaurant chain;
- two restaurants in Singapore under the self-developed brand “Kogane Yama” which offers Japanese premium tendon bowls and Japanese rice bowls;
- two restaurants in Singapore under the brand “Nipong Naepong” pursuant to an exclusive franchise the Group obtained from the franchisor which owns a Korean fusion noodle restaurant chain;
- two restaurants in Singapore under the brand “Kota Zheng Zhong” under a cooperation arrangement with the owner which owns a Malaysian-style claypot herbal bak kut teh restaurant chain;
- one restaurant in Singapore under the self-developed brand “The Chir Café and Bar” which is a Korean lifestyle and brunch café that offering Korean -fusion menu, brunch menu to all-day pastas and to hearty dinner dishes; and
- one central kitchen in Singapore under the self-developed brand “Gangnam Kitchen” which offers catering and delivery services of Korean food in Singapore and serves as the central kitchen to the Group’s restaurants in Singapore.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

We have considered actions to address the disclaimer of opinion in relation to the annual report for the year ended 31 August 2021 including cost control measures by cutting the salaries of employees and directors, tightening operational expenses, rent reduction, closure of underperforming restaurants and seeking fund-raising activities, including the proposed rights issue as detailed in the announcement of the Company dated 18 May 2022. The Group is ready to embrace the huge opportunities coming after the market recovery.

Looking forward, the Group intends to become a multi-brand restaurant group headquartered in Singapore, of which restaurants are mainly operated under a franchise model. The Group offers Korean, Japanese and Malaysian cuisines with casual dining concepts that target the middle-income mass market in Singapore and Indonesia and extend its network to other Southeast Asian countries.

The Group achieves the goals by implementing the following key strategies: (i) replicate our success through further expansion to acquire the restaurant business in Greater Bay Area which is showing signs of revival from the coronavirus 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. We plan 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 our business. We will continue to explore other business opportunities in the future.

FINANCIAL REVIEW

Revenue

The Group’s revenue was mainly generated from (i) restaurant operations; (ii) sales of food ingredients; and (iii) provision of franchise and royalty services.

MANAGEMENT DISCUSSION AND ANALYSIS

Restaurant operations

The majority of the revenue was derived from the operations of self-operated restaurants in Singapore. The revenue generated from restaurant operations amounted to approximately SGD10.4 million and SGD13.0 million for the Period and Last Corresponding Period, respectively, representing a decrease by approximately 20% from the Last Corresponding Period to the Period.

The decrease in the Group's revenue was mainly attributable to the impact from the outbreak of the COVID-19 pandemic whereby, Singapore recorded an unusual surge of COVID-19 infection numbers from over 1,000 daily cases in September 2021 to over 5,000 daily cases in October 2021. To rein in the spread of COVID-19, the Government of Singapore has tightened some of the measures to limit social gathering activities in Singapore which included the restriction for dine-in groups of up to 2 persons only for the period from 27 September 2021 to 24 October 2021. The tightened measures have posed an adverse impact on the sales of the food and beverage outlets in Singapore, especially for the eateries located in the Central Business District with a large number of people chose to stay and work from home instead of dining out for the period.

Sales of food ingredients

Revenue from sales of food ingredients mainly represented revenue from sales of food through the operation of Gangnam Kitchen which provides catering and delivery services of Korean and Japanese food to the customers in Singapore. The revenue from sales of food ingredients decreased from approximately SGD19,000 for the Last Corresponding Period to approximately SGD 1,000 for the Period. The decrease was attributable to the measures implemented by Singapore Government to combat with COVID-19 pandemic.

Provision of franchise and royalty services

Provision of franchise and royalty services represented the royalties from the Indonesian Licensee, Jaesan Food Holdings Sdn. Bhd. ("**Jaesan Food Holdings**") and Mr. Peh Kian Ghee ("**Mr. Peh**") pursuant to respective business partnership arrangements and sub-license arrangements which the Group has entered into. The revenue decreased to approximately SGD12,000 for the Period from approximately SGD45,000 for Last Corresponding Period, representing a decrease of approximately 73%. The decrease was mainly attributable to suspension of restaurant operation of the licensees resulted from the outbreak of COVID-19 which had a significant impact on global economies. Further, its also due to the cessation of business partnership arrangements with Jaesan Food Holdings and Mr. Peh in January 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of inventories consumed

Cost of inventories consumed primarily consisted of the cost of the food ingredients, beverages and packaging materials used in the operations of the Group's self-operated restaurants and central kitchen in Singapore. During the Period, the Group's had (i) incurred additional direct cost that arising from online platform delivery and transaction fee; and (ii) increasing consumption of packaging material that arising due to the substantial increase of online delivery sales as compared to the Last Corresponding Period which was due to the measures implemented by Singapore Government to combat with COVID-19 as disclosed above. Cost of inventories consumed decreased from approximately SGD3.6 million for the Last Corresponding Period to approximately SGD2.7 million for the Period, representing a decrease of approximately 25% as compared to that of the Last Corresponding Period. The decreased was in line with the decreased in revenue changes.

Staff costs

Staff costs decreased from approximately SGD4.3 million for the Last Corresponding Period to approximately SGD3.8 million for the Period, representing a decrease of approximately 12% as compared to that of the Last Corresponding Period. The decrease was mainly attributable to (i) pay cut policy implemented across all level; (ii) restructuring of the remuneration package of operation staff; (iii) reduction in manpower; and (iv) cessation of operation of three restaurants.

Rental and related expenses

Rental and related expenses increased from approximately SGD625,000 for the Last Corresponding Period to approximately SGD837,000 for the Period, representing an increase of approximately 34% in comparison to prior Corresponding Period. The increase was primarily due to the additional rental expenses incurred in Hong Kong for business development purpose.

Other expenses

Other expenses primarily consisted of service fee paid to third party delivery platforms, credit card commissions, cleaning expenses, legal and professional fees, travelling expenses, and other miscellaneous administrative expenses. Other expenses decreased from approximately SGD2.14 million for Last Corresponding Period to approximately SGD1.90 million for the Period, representing a decrease of approximately 11.4% as compared to that of the Last Corresponding Period. The decrease was in line with the closure of 3 restaurants during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs primarily consisted of interest expenses on bank loans, trust receipts loans, hire purchase and the lease liabilities. Finance costs increased from approximately SGD487,000 for Last Corresponding Period to approximately SGD590,000 for the Period, representing an increase of approximately 21%. The increase was mainly arising from the term loan interest amounting to approximately SGD285,000 for the Period. This increase in term loan interest is offset by decrease in interest on the lease liabilities from SGD464,000 in the previous Period to SGD302,000 for the Period.

Loss for the period

The Group recognised a loss of approximately SGD679,000 for the Period, which decreased as compared to that of approximately SGD1,507,000 for the Last Corresponding Period. Such decrease in loss was mainly attributable the decrease in depreciation and amortisation whereby most of the right-of-use assets of the Group were impaired in prior financial year due to COVID-19 pandemic.

Contingent liabilities and pledge of assets

As at 31 May 2022, the Group did not have any significant contingent liabilities and pledge of assets.

Significant investments held

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 May 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of Directors/ Chief executive	Capacity/ Nature of interest	Number of Shares/ underlying Shares interested (Note 1)	Approximate percentage of the Company's issued Shares*
Mr. Yeap Wai Han, Melvyn ("Mr. Yeap") (Note 2)	Interest held jointly with another person	30,499,000	6.93%

Notes:

(1) All interests stated are long positions.

(2) These Shares were held by Canola Investment Holdings Limited ("Canola") which was in turn owned as to approximately 33.69% by Mr. Lai Weijie, Terence ("Mr. Terence Lai"), 23.17% by Mr. Yeap, 16.85% by Mr. Ho Zhi Yi, Levi ("Mr. Ho"), 12.64% by Mr. Tan Chien Fong ("Mr. Tan"), 12.64% by Mr. Ng Yook Tim ("Mr. Ng") and 1.01% by Mr. Lai Weikang, Derek ("Mr. Derek Lai"). On 10 February 2018, Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai entered into an acting-in-concert confirmation (the "Confirmation"), pursuant to which they had confirmed that they had been parties acting in concert in the operation and management of the Group since 1 October 2015. Accordingly, each person under the concert party arrangement is taken to be interested in the Shares the other party(ies) under such concert party arrangement is/are interested under the SFO.

* The percentage represents the total number of the Shares and the underlying Shares, if any, interested divided by the number of issued Shares of 440,000,000 as at 31 May 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Name of Directors/ Chief executive	Name of associated corporation	Capacity/ Nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding
Mr. Yeap	Canola (Note 2)	Beneficial owner	2,317	23.17%

Notes:

(1) All interests stated are long positions.

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

Save as disclosed above, as at 31 May 2022, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 May 2022, so far as is known to the Directors, the following entity or persons, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Position in the Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares interested or held (Note 1)	Approximate percentage of the Company's issued Shares*
Canola	Beneficial owner	30,499,000	6.93%
Ms. Ong Hui Hui ("Ms. Ong") (Note 2)	Interest of spouse	30,499,000	6.93%
Ms. Teo Yan Qi Sharon ("Ms. Teo") (Note 3)	Interest of spouse	30,499,000	6.93%
Mr. Terence Lai (Note 4)	Interest held jointly with another person	30,499,000	6.93%
Mr. Tan (Note 4)	Interest held jointly with another person	30,499,000	6.93%
Mr. Ng (Note 4)	Interest held jointly with another person	30,499,000	6.93%
Mr. Derek Lai (Note 4)	Interest held jointly with another person	30,499,000	6.93%
Mr. Ho (Note 4)	Interest held jointly with another person	30,499,000	6.93%
Fast Glory Group Limited	Beneficial owner	31,685,000	7.20%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) All interests stated are long positions.
- (2) 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 is the spouse of Mr. Tan and she is deemed to be interested in all the Shares which are beneficially owned and deemed to be held by Mr. Tan under the SFO.
- (4) On 10 February 2018, Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai entered into the Confirmation, whereby they confirmed that among other things, since 1 October 2015, they had been actively cooperating with one another and acting in concert, with an aim to achieving consensus and concerted action on all operating and financing decisions and major affairs relating to each member company within the Group. Details of the acting in concert arrangement are set out in the section headed "History, Reorganisation and Corporate Structure – Acting-in-concert Confirmation" of the Prospectus. As such, each of Mr. Terence Lai, Mr. Yeap, Mr. Ho, Mr. Tan, Mr. Ng and Mr. Derek Lai is deemed to be interested in 6.93% of the issued Shares.

* The percentage represents the number of Shares interested divided by the number of issued Shares of 440,000,000 as at 31 May 2022.

Interests in issued voting shares of other members of the Group

Name of shareholders	Name of members of the Group	Capacity/ Nature of interest	Number of ordinary share(s) (Note 1)	Percentage of shareholding
Mr. Peh	Kogane Yama Restaurants Pte. Ltd.	Beneficial owner	80,400	40%
Jaesan Food Holdings (Note 2)	K Food Master Holdings Sdn. Bhd.	Beneficial owner	200,000	40%
Southern Enterprise (Note 3)	Kota Bak Kut Teh (SG) Pte. Ltd.	Beneficial owner	10	10%
Mr. Tan	Kota Bak Kut Teh (SRG) Pte. Ltd.	Beneficial owner	20	20%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) *All interests stated are long positions.*
- (2) *Jaesan Food Holdings is owned as to 27.83% by Mr. Lawrence Tan Wee Ee, 22.32% by Mr. Rodney Tay Peng-Liang, 22.32% by Mr. Shenton Yap Wen-Howe, 14.88% by Ms. Alisa Khoo, 4.65% by Mr. Kenneth Kok Tsing Kuan and 8% by Low Teck Hoe.*
- (3) *Southern Enterprise is owned as to 100% by Ms. Hong BingMei.*

Save as disclosed above, as at 31 May 2022, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under section 336 of the SFO.

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

During the Period, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

SHARE OPTION SCHEME

The Company had conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 23 July 2018 (the “**Adoption Date**”), which became effective upon the commencement of dealings of the Shares on the Stock Exchange on the 13 August 2018. Under the Share Option Scheme, the Company may grant options to eligible participants, including Directors and full-time employees of and advisers and consultants to the Group. No share option has been granted by the Company or agreed to be granted under the Share Option Scheme since the Adoption Date and up to the date of this report. Therefore, no share options lapsed or were exercised or cancelled during the Period and there were no outstanding share options as at 31 May 2022.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the **"Required Standard of Dealings"**) as rules governing securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Required Standard of Dealings during the Period.

CORPORATE GOVERNANCE CODE

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or the controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) had interests in any business apart from the Group's businesses, which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the Compliance Period.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this report.

AUDIT COMMITTEE

The Audit Committee was established on 23 July 2018 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provisions C.3.3 and C.3.7 of the CG Code. The Audit Committee comprises all the three independent non-executive Directors (the **"INEDs"**), namely Mr. Chau Wing Nam (**"Mr. Chau"**), Mr. Law Chung Lam, Nelson and Mr. Lee Ming Yeung, Michael. Mr. Chau is the chairman of the Audit Committee. The principal duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of the Independent Auditor, to review and supervise the financial reporting process and internal control system of the Group, and to review the Group's financial information and the relationship with the Independent Auditor.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

APPRECIATIONS

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

By Order of the Board
K Group Holdings Limited
Zhou Junqi
Chairman and Executive Director

Singapore, 15 July 2022

As at the date of this report, the executive Directors are Mr. Zhou Junqi (Chairman), Mr. Yeap Wei Han, Melvyn (Chief Financial Officer), Ms. Wong Pui Kei Peggy and Mr. Xie Jianlong; the non-executive Director is Mr. Liu Junjie (Vice Chairman) and the independent non-executive Directors are Mr. Chau Wing Nam, Mr. Law Chung Lam, Nelson and Mr. Lee Ming Yeung, Michael.