

**RESCISSION OF ACQUISITION
OF ASIAN STORY CORPORATION PTE. LTD.**

1. INTRODUCTION

The Board of Directors (“**Board**”) of Kimly Limited (“**Company**”) and together with its subsidiaries, (“**Group**”) wishes to refer to the Company’s announcement on 2 July 2018 in respect of the acquisition (“**Acquisition**”) of all the issued shares of Asian Story Corporation Pte. Ltd. (“**ASC**”) pursuant to the terms of a share purchase agreement dated 2 July 2018 entered into with Wang Chia Ye (“**Vendor**”).

As set out in the earlier announcement, the Company acquired ASC for an aggregate consideration of S\$16,000,000 (“**Consideration**”), with an additional earn-out payment to be determined based on the performance of ASC. LHL Group Pte. Ltd. (“**LHL Group**”, a wholly owned subsidiary of the Company) further entered into a three-year service agreement with the Vendor.

2. RESCISSION OF ACQUISITION

The Group received written notification dated 22 November 2018 from Pokka Corporation (Singapore) Pte. Ltd. of its intention to terminate its manufacturing agreement with ASC with six months’ notice. Subsequent to receipt of the termination, the Board has moved expeditiously to engage the Vendor in discussions on the potential impact on ASC arising from the termination.

Subsequent to the discussions, and taking into account the impact of the termination on ASC as well as other relevant factors, the Company and LHL Group have on 29 November 2018 and on mutually agreed terms entered into a deed of rescission with the Vendor and ASC to rescind *ab initio* the Acquisition, as if the Acquisition had not occurred and that the Vendor had not been employed by LHL Group (“**Rescission**”).

Pursuant to the Rescission, the Vendor has repaid S\$12,000,000 of the Consideration to the Company, with the balance to be repaid over three years as follows: (a) S\$1,400,000 within 12 months from the date of this announcement; (b) S\$1,300,000 within 24 months; and (c) S\$1,300,000 within 36 months, secured by a share charge granted in favour of the Company over the ASC shares, as well as an assignment granted by ASC over its book debts in favour of the Company. The Company has also transferred all the shares of ASC to the Vendor, and LHL Group has rescinded its service agreement with the Vendor. Consequent to the Rescission, the financial results of ASC have not been consolidated into the unaudited financial statements of the Group.

3. PRINCIPAL BUSINESSES

As one of the largest traditional coffee shop operators in Singapore, the Group continues to operate in its ordinary course an extensive chain of 67 food outlets and 129 food stalls under various brands island wide.

In furtherance of its principal businesses, the Group will continue to work to improve operational efficiencies, deploy new technology to help improve productivity and streamline work processes.

BY ORDER OF THE BOARD
KIMLY LIMITED

Hoon Chi Tern
Company Secretary

29 November 2018
Singapore

*Kimly Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 20 March 2017. The initial public offering of the Company (the “**IPO**”) was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**” or “**PPCF**”). This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).*