KIMLY LIMITED
(Incorporated in Singapore)
(Company Registration No. 201613903R)

ENTRY INTO A JOINT VENTURE AGREEMENT TO OPERATE AND MANAGE SHORT-TERM HDB COFFEESHOP LEASE

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1. INTRODUCTION

The Board of Directors ("**Board**") of Kimly Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Kimly Makan Place Pte. Ltd. ("**KMP**") has, on 30 June 2022, entered into a joint venture agreement ("**JVA**") with 808 Ta Sun Pte. Ltd. ("**808 TS**") in relation to, *inter alia*, the operation and management of the short-term Housing and Development Board ("**HDB**") coffeeshop lease of the coffeeshop located at 808 French Road #01-3 Kitchener Complex Singapore 200808 ("**808 French Road Coffeeshop**") leased by the joint venture company, **Da Sun Food House Pte. Ltd.** ("**JVCO**").

2. INFORMATION ON THE JOINT VENTURE COMPANY AND 808 TS

2.1 Information on the JVCO

The JVCO was incorporated by 808 TS on 7 January 2022, having an initial issued share capital of S$100 comprising of 100 ordinary shares.

The JVCO will be allotting 147,000 ordinary shares to KMP and 152,900 ordinary shares to 808 TS, at a consideration of S$147,000 and S$152,900 respectively. Following which, KMP will hold 49% of the shares in the JVCO, whilst 808 TS shall hold the remaining 51% of the shares in the JVCO. The total consideration to be paid by KMP for 49% of the shares in the JVCO is S$147,000.

The lease was originally held by 808 TS. For the purposes of the JVA entered into with 808 TS, and as of the date of this Announcement, new Lease with HDB for the 808 French Road Coffeeshop has been entered into by the JVCO, with the JVCO being principally engaged in the business of letting and operating self-owned or leased food courts, coffeeshops and eating houses.

2.2 Information on 808 TS

808 TS is a private company incorporated in Singapore on 11 May 2015 and has an issued and paid-up share capital of S$10,000 comprising 10,000 ordinary shares. The sole shareholder of 808 TS is Mr Tang Hwee Fong. The principal activity of 808 TS is operating food courts, coffeeshops and eating houses (with mainly food and beverage income).

The shareholder of 808 TS is a Singapore citizen. Mr Tang Hwee Fong and Mr Tan Kok Keong are the directors of 808 TS.

Saved as disclosed above, to the best knowledge of the Board, 808 TS and its directors and ultimate beneficial shareholder are independent of the Company, its directors, substantial shareholders, and their respective associates. The Board is also not aware of any relationship between the directors of 808 TS and the shareholders of the existing JV Partners of the Group (as defined and referred to in the Company's announcements dated 9 September 2020, 29 September 2020, 3 November 2020, 21 January 2021 and 29 April 2021).

3. PRINCIPAL TERMS OF THE JVA

3.1 Upon completion of the subscription and allotment, KMP shall hold 147,000 ordinary shares representing 49% of the issued share capital of the JVCO.

3.2 The Board of Directors of the JVCO will comprise of two (2) directors, with one (1) director each being nominated by KMP and 808 TS. The chairman of the board of the directors of the JVCO shall be solely appointed by KMP.

3.3 The JVCO will enter into a service agreement with KMP, and KMP will operate and manage the 808 French Road Coffeeshop.

4. RATIONALE FOR THE JOINT VENTURE

4.1 The Group's entry into the JVA is in line with the Group's strategy to expand its network of food outlets in Singapore and to establish new food outlets and food stalls as and when suitable strategic locations become available. The Group will be able to diversify and expand its revenue stream through additional and recurrent rental streams, which mitigates the uncertainties in the private leasing category.

4.2 The Group expects to strengthen its presence in the market by opening more food stalls under its food retail division, which is complemented by its central kitchen, and will continue to explore opportunities to acquire and/or operate more strategically-located coffeeshops in mature estates with established footfalls.

5. AGGREGATE CONSIDERATION

5.1 Apart from the working capital injection detailed in paragraph 2.1 above and in consideration for 808 TS granting KMP the right to operate and manage the Lease, KMP has also paid to 808 TS a lease assignment fee ("**Lease Assignment Fee**"). The Lease Assignment Fee was arrived at on a willing buyer-willing seller basis, taking into various factors such as the market rent for comparable leases based on location, size and current rent paid.

5.2 The aggregate consideration payable by KMP for the 49% interest in the issued share capital of the JVCO ("**Capital Injection**") and the Lease Assignment Fee is **S$1,127,000**, in the following proportions:

Joint Venture Company	Address of Coffeeshop	Capital Injection (S$)	Lease Assignment Fee (S$)
Da Sun Food House Pte. Ltd.	808 French Road #01-3 Kitchener Complex Singapore 200808	147,000	980,000
	Total	**1,127,000**	

The aggregate consideration of S$1,217,000 has been wholly satisfied in cash by way of utilizing internal resources of the Group.

6. CHAPTER 10 OF THE CATALIST RULES

All relative figures of the abovementioned joint venture computed pursuant to Rule 1006 of the Catalist Rules of the Singapore Exchange Trading Limited ("**Catalist Rules**"), based on the Company's latest announced consolidated results is less than 5%. Accordingly, this Announcement is released by the Company on a voluntary basis and the disclosures are referenced from the disclosure requirements of a non-discloseable transaction under Chapter 10 of the Catalist Rules.

7. FINANCIAL IMPACT

The entry into the JVA is not expected to have any material impact on earnings per share or net tangible assets per share of the Group for the financial year ending 30 September 2022.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Save as disclosed herein, none of the directors and substantial shareholders of the Company have any interest, direct or indirect, in the JVA other than through their respective directorships and shareholdings in the JVCO.

9. DOCUMENTS FOR INSPECTION

Copies of the JVA entered into by KMP with 808 TS, the corresponding share allotment instrument and the Service Agreement entered into by KMP with the JVCO are available for inspection during normal business hours at the Company's registered office at 13 Woodlands Link, Singapore 738725 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD
KIMLY LIMITED

Hoon Chi Tern
Company Secretary
30 June 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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