

Kimly to acquire 75% stake for S\$54 million in the Tenderfresh Business which has >4 decades of operating history

- The Purchase Consideration will be satisfied via cash and issuance of new shares in Kimly.
- Provides an opportunity for the Group to expand into the rapidly growing Halal food industry not only in Singapore but potentially also in neighbouring countries.
- The Proposed Acquisition will help diversify Kimly’s revenue streams and add a new food division to the Group’s existing units.
- Massive synergies to be unlocked with opportunities to cross-sell, enhance product offerings and streamline processes to save costs.

SINGAPORE, 11 May 2021 – SGX Catalist-listed Kimly Limited (“金味有限公司”) (“**Kimly**”, together with its subsidiaries, the “**Group**”) is pleased to announce that it has entered into an acquisition agreement with Soh Chun King, Koh Siew Tin and Chew Kian Ho (collectively, the “**Vendors**”) for the acquisition of a 75% stake in the Tenderfresh business which comprises central kitchens, restaurants, kiosks, food stalls, plant and equipment, trademarks and customer relationships (“**Tenderfresh Business**”) that operate via various entities, for a consideration of S\$54 million (the “**Purchase Consideration**”) which will be satisfied via cash and the issuance of new shares in Kimly (the “**Proposed Acquisition**”). The Purchase Consideration was arrived at after negotiations on an arm’s length basis and on a willing-buyer willing-seller basis.

Founded in 1979, Tenderfresh Business is a homegrown food business built on the commitment of good quality food at great value. Grown from a single popular local food concept specialising in fried or roasted spring chickens and chicken wings, today, Tenderfresh Business manages 14 concepts and 41 outlets, ranging from western fares and traditional local cuisines to food kiosks, catering, retail outlets and Original Equipment Manufacturing (OEM). Tenderfresh Business currently operates a 25,000 square foot facility that is also International Organisation for Standardization (ISO), Hazard Analysis and Critical Control Points (HACCP) and Halal Certified. This central kitchen caters to about 140 brands and outlets. The kitchen supplies semi-finished products to its own outlets in an effort to reduce reliance on manpower as well as to OEM

customers island wide. As more F&B operators look to outsource their food production to reliable OEM partners to reduce manpower needs, the Group believes that this will generate new revenue streams.

The Group will also leverage on Tenderfresh Business' competitive edge and wide network in Singapore's Halal F&B market. Singapore has a population of 14% Muslims and is a globally recognised Halal food hub due to its stringent food safety laws and recognized Halal standards. The Singapore Halal mark and standard is also recognised by Brunei, Indonesia and Malaysia under the MABIMS agreement¹. In addition, Singapore's strategic location at the very heart of Asia is also a significant factor for the rapid growth of its Halal Industry². As Tenderfresh Business' central kitchen is Halal-certified and "Tenderbest", one of its multiple brands, is well-recognised by the local Muslim community, the Group is able to leverage on Tenderfresh Business' competitive edge and wide network in the Halal food market and make further headway into the Halal food industry. The Group hopes to capitalise on this growing market in Singapore which may serve as a springboard into the greater South-east Asian region and propel the Group towards its maiden revenue from overseas. Looking at the prospects in the region, the Asia-Pacific market for Halal food and beverage is projected to register a compound annual growth rate of 5.5 %, during the period 2020 to 2025 as per Mordor Intelligence³.

With addition of Tenderfresh Business, this will be Kimly's new food division following its mixed vegetable rice, seafood "Zi Char", dim sum, Tonkichi Japanese restaurants and Rive Gauche patisserie. This partnership will allow Tenderfresh Business to extend their food concepts into the food outlets managed by the Group, reducing the costs of duplicating manufacturing processes performed at each other's central kitchens. The wide variety of food will also increase and differentiate items offered on the menu at each other's food outlets. This offers great potential for new revenue streams to grow, expanding from direct sales to consumers through restaurants and coffeeshop food stalls to sales in supermarket chains and other restaurant groups.

The Directors of the Group added, **"With the acquisition of 75% stake in Tenderfresh Business, we are confident that this will further boost the resilience of our operations and revenue and have a positive impact on our earnings going forward which will enhance shareholder value. This is also an exciting opportunity to expand into the growing Halal F&B market with a leading**

¹ As per Singapore Halal Directory, <https://www.singaporehalaldirectory.com/articles/industry-articles/singapore-halal-food-sector-at-the-forefront-of-innovation>

² An Overview of Halal Industry in Singapore, https://www.researchgate.net/publication/281272919_An_Overview_of_Halal_Industry_in_Singapore

³ ASIA-PACIFIC HALAL FOOD AND BEVERAGE MARKET - GROWTH, TRENDS, COVID-19 IMPACT, AND FORECASTS (2021 - 2026);

<https://www.mordorintelligence.com/industry-reports/asia-pacific-halal-food-and-beverages-market>

and well-established partner, which will add value to our existing business and provide opportunities to expand our network of food outlets across Singapore. We can foresee tremendous synergies to be unlocked with Tenderfresh Business via opportunities to cross-sell, enhance product offerings and streamline processes to save costs. Tenderfresh Business' experienced management team is staying on and we will work hand-in-hand with them to bring to fruition their business plans that are already in motion. We are also heartened and honoured by the Vendors' decision to retain 25% stake and that reiterates their passion and confidence in the prospects of the business.

Moving forward, we will continue looking for opportunities to acquire food outlets in the heartlands of Singapore with a large catchment of population to deepen our market presence, expand our customer base as well as product offerings.”

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About Kimly Limited

Kimly Limited (“金味有限公司”) is one of the largest traditional coffeeshop operators in Singapore with 30 years of experience. The Group operates and manages an extensive network of 83 food outlets, 137 food stalls, 2 Tonkichi restaurants and 7 Rive Gauche Patisserie shops across the heartlands of Singapore. It also operates a Central Kitchen that supplies sauces, marinades and semi-finished food products to its food stalls, which enables it to have better control over its business processes and generate cost savings.

Its Food Retail Division comprises Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood “Zi Char” food stalls and a chain of Japanese restaurants, Tonkichi, and a confectionery business, Rive Gauche.

In tandem with the growing demand for online food ordering and delivery services due to changing consumer trends, Kimly Group started to offer its Mix Value Rice, Dim Sum and Seafood “Zi Char” products for online ordering through Deliveroo, Food Panda, GrabFood and Oddle.

Issued for and on behalf of Kimly Limited

by Financial PR

Romil SINGH, romil@financialpr.com.sg

Ashley TAN, ashley@financialpr.com.sg

Tel: (65) 6438 2990 Fax: (65) 6438 0064

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The contact person for the Sponsor is Mr Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.