

FOR IMMEDIATE RELEASE

**Kimly achieves 4.2% revenue growth to S\$49.9 million
in 3Q FY2018**

- *Expands into the manufacturing and distribution of beverages business with the strategic acquisition of Asian Story Corporation*

Financial Highlights for the third quarter and nine months ended 30 June 2018

S\$' 000	3Q FY2018	3Q FY2017	+ / (-) %	9M FY2018	9M FY2017	+ / (-) %
Revenue	49,881	47,859	4.2	149,206	142,173	4.9
Gross Profit	9,368	8,847	5.9	29,169	29,273	(0.4)
Profit Before Tax	5,985	5,976	0.2	19,005	18,866	0.7
Profit Attributable to Owners of the Company	4,986	5,236	(4.8)	16,187	16,451	(1.6)

SINGAPORE, 8 August 2018 – Kimly Limited (“金味有限公司”) (“Kimly” or the “Company” and together with its subsidiaries, the “Group”), the largest traditional coffee shop operator in Singapore, today reported revenue growth of 4.2% to S\$49.9 million and a dip in net attributable profit of 4.8% to S\$5.0 million for the third quarter ended 30 June 2018 (“**3Q FY2018**”).

The stronger top line was boosted mainly by higher contributions from both the Group’s Outlet Management and Food Retail Divisions of S\$0.8 million and S\$1.2 million respectively. The growth from the Group’s Outlet Management Division was due to an increase in income from sub-leasing of food stalls in its coffee shops and food courts, as well as from related cleaning and utilities services provided. Likewise, the growth from the Food Retail Division was from an increase in the number of food stalls since July 2017.

Corresponding to revenue growth, the Group’s selling and distribution expenses rose 12.2% to S\$0.9 million due to an increase in cleaning and packaging materials used. Administrative expenses for the reporting quarter also increased 9.0% to S\$3.1 million as a result of higher depreciation of property, plant and equipment.

The Group's financial position remains strong with total cash and bank balances stood at S\$84.0 million as at 30 June 2018.

Business Updates & Outlook

On 2 July 2018, the Group completed the acquisition of Asian Story Corporation Pte Ltd ("**ASC**"), a leading beverage manufacturer and distributor that markets and sells a variety of popular drinks. "Asian Story" brand comprises a portfolio of nine drink assortments which includes Chrysanthemum, Soya Bean, Winter Melon Tea, Bandung, Herbal Tea, Water Chestnut, Lychee, Lemon Barley and Grass Jelly. In March 2018, "Asian Story" became the No. 2¹ brand in the Singapore Asian drink market, the brand has also recorded double digit volume share of 11.5% in June 2018. On a Moving Average Total (MAT) basis, "Asian Story" is the only brand in the top 3 to post positive growth, recording a stellar 65.5% MAT value growth. "Asian Story" is available in all retail formats; Provision Shops, Mini-marts, Supermarkets, Hawker Centres, Coffee shops, Canteens, Schools and Institutions.

Commenting on the acquisition, **Mr Vincent Chia (谢书强), Executive Director of Kimly said**, "ASC has a business that is complementary and synergistic to Kimly as we can sell all ASC's drinks in all the drink stalls operated by the Group. Additionally, the business is also scalable. With its proven track record of close to nine years in the beverage industry, we can leverage its expertise and established brands to explore opportunities to expand into the overseas market. Recently, we have successfully penetrated into Malaysia, Brunei and Pakistan. We look forward to introduce the Singapore-flavoured Asian drinks into more overseas market."

Another noteworthy achievement during the quarter was the opening of the Group's first "Productive"² coffee shop where new leases are awarded based on the newly introduced "Price Quality Model" ("**PQM**" model) which award tenders not solely based on price, but also on other considerations such as certain qualitative initiatives proposed by the prospective operators. The opening of this unique coffee shop places the Group in a vantage position where it can capitalise on the Housing Development Board's new direction to release new coffee shops through the PQM model.

Meanwhile, the Group's newly assigned coffee shop in Tampines commenced operations in May 2018. In

¹ Data Source: Nielson Singapore Asian Drink (exclude Coconut and fresh Soya milk, June 2018)

² Jointly facilitated by ENTERPRISE Singapore ("ES") and the Housing & Development Board ("HDB"), these have been rolled out under the pilot tender system that encourages operators to innovate and transform from traditional formats into more efficient ones. This initiative is in line with the recommendations proposed under the Food Services Industry Transformation Map ("ITM"), which was launched in September 2016.

line with the Group's efforts to consistently revitalise its food outlets to stay relevant to customers' needs, it completed the refurbishment works of two food outlets in Tampines in April and one in Jurong in July.

Added Mr Chia, "Competition in the local food and beverage industry remains keen and fierce. The Group continues to stay focused on building for the future by constantly strengthening its core business and competencies, and improving cost and operational efficacies, whilst at the same time exploring new growth opportunities and drivers with a long term view on diversification to add to income sustainability and resiliency. Earnings in the short to medium term may fluctuate as the Group invests to achieve the goal of delivering sustainable and steady returns to the shareholders."

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About Kimly Limited

Kimly Limited (“金味有限公司”) is the largest traditional coffee shop operator in Singapore with more than 25 years of experience. The Group operates and manages an extensive network of 68 food outlets and 130 food stalls 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.

For its Outlet Management Division, the Group operates and manages 60 coffee shops and four industrial canteens under the Kimly and third party brands and four food courts, located mainly in tertiary institutions, are managed and operated under the “foodclique” brand. Its Food Retail Division comprises Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood “Zi Char” food stalls and a Live Seafood Restaurant, catering to a broad and varied customer base.

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

Issued for and on behalf of Kimly Limited

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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 press release 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 press release. This press release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this press release

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