

**ACQUISITION OF 60% OF THE SHARES IN KLOVEX HOLDINGS PTE. LTD.**

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**1. INTRODUCTION**

The Board of Directors ("**Board**") of Kimly Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that its wholly-owned subsidiary, Chodee Food Holdings Pte. Ltd. ("**Chodee**") has on 1 April 2021 entered into a sale and purchase agreement ("**SPA**") with Ng Yong Kiat and Matthew Khoo Lang You (collectively, the "**Vendors**") for the acquisition of 1,500 issued ordinary shares in the share capital of Klovex Holdings Pte. Ltd. ("**Klovex**") from each Vendor, which aggregates to 3,000 issued ordinary shares ("**Sale Shares**"), representing 60% of the entire issued and paid-up share capital of Klovex, for a total consideration of S\$1,000,000 (the "**Purchase Consideration**"), to be satisfied partly in cash of S\$700,000 and partly by the issuance of 1,000,000 new shares in the capital of the Company (each a "**Consideration Share**") at the issue price of S\$0.30<sup>1</sup> per share ("**Issue Price**"), upon the terms and subject to the conditions of the SPA (the "**Acquisition**").

In connection with the Acquisition, Chodee and the Vendors had entered into a Shareholder's Agreement in respect of Klovex ("**SHA**") that was conditional upon the completion of the Acquisition. The completion of the Acquisition has taken place on the date of the SPA and the SHA has come into full force and effect following completion of the Acquisition.

**2. INFORMATION ON KLOVEX AND THE VENDORS**

**2.1. Information on Klovex**

Klovex is a private company incorporated in Singapore on 20 February 2021 and has an issued and paid-up share capital of S\$5,000 comprising 5,000 ordinary shares. Each of Ng Yong Kiat and Matthew Khoo Lang You holds 2,500 ordinary shares, representing 50% of its issued and paid-up capital. Klovex is principally engaged in the business of providing general cleaning services.

The Vendors have been in the cleaning services business since 2015 and have incorporated Klovex to partake in the cleaning services industry. New cleaning contracts have also been entered into with counterparties, which are effective as at 1 April 2021. Given that Klovex was incorporated recently, it does not have any available historical financial information. Notwithstanding, the unaudited net profits of the cleaning business that comprises cleaning contracts, workforce and fixed assets ("**Cleaning Business**") for the 12-month period on ended 31 December 2020, after taking into consideration staff salary adjustments ("**2020 Adjustments**") was S\$76,000.

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<sup>1</sup> The issue price per Consideration Share is at a discount of 1.43% to the volume weighted average price of S\$0.3043 for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the full market day on 31 March 2021, being the last full market day prior to the signing of the SPA.

## **2.2. Information on the Vendors**

The Vendors are both Singapore citizens and to the best knowledge of the Board, the Vendors are independent of the Company, directors and substantial shareholders of the Company and their respective associates.

## **3. RATIONALE**

The COVID-19 pandemic has triggered an increased emphasis on hygiene and cleanliness, which has, in turn, increased the demand for cleaning services. The Acquisition presents the Group with the opportunity to increase the Group's presence in the cleaning services industry and increase its revenue streams. Further, the Group will be able to leverage on Klovex's expertise for its furtherance of its hygiene standards of the Group's existing businesses by harnessing on Klovex's capabilities to service the Group's existing food outlets.

## **4. PRINCIPAL TERMS OF THE ACQUISITION**

### **4.1. Purchase Consideration**

The Purchase Consideration of S\$1,000,000 was arrived at after negotiations on an arm's length basis and on a willing-buyer and willing-seller basis, after taking into account the independent valuation of the Cleaning Business as set out in the valuation report dated 1 April 2021, issued by Cushman & Wakefield VHS Pte. Ltd. ("**Independent Valuer**"), as commissioned by the Company to conduct an independent valuation on the market value of 100% equity interest in the Cleaning Business ("**Valuation Report**").

The Independent Valuer has adopted the income approach as its primary approach with reference made to the market approach. Based on the Valuation Report, the market value of 100% equity interest in the Cleaning Business, as at 28 February 2021 is between S\$1.4 million and S\$1.7 million. The Purchase Consideration represents 60% (being the proportionate interest in Klovex that Chodee is acquiring) to the high end of the market value, having regard to the synergistic value that the Acquisition will bring to the Group.

The Purchase Consideration is to be satisfied through a combination of cash, through internal cash resources of the Group, and through the issuance of 1,000,000 Consideration Shares at the Issue Price.

### **4.2. SHA**

The board of directors of Klovex will comprise two directors, with one director each being nominated by the Vendors and Chodee respectively. The chairman of the board of directors of Klovex shall be appointed by Chodee and shall have a casting vote. The SHA further contains customary pre-emption and right of first refusal rights.

## 5. RELATIVE FIGURES ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

The relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Section B of the Listing Manual of the SGX-ST: Rules of Catalist ("**Catalist Rules**") are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable as the Acquisition is not a disposal.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not applicable <sup>(1)</sup>
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.28 <sup>(2)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	0.08 <sup>(3)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. The basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such asset.	Not applicable as Klovex is not a mineral, oil and gas company.

### Notes:

- (1) Not applicable as Klovex was newly-incorporated and does not have any available historical financial information. However, based on the unaudited net profits for the 12-month period ended on 31 December 2020 attributable to the 60% interest in the Cleaning Business (being the proportionate interest in Klovex that Chodee is acquiring) of S\$45,600 (after 2020 Adjustment) compared with the Group's net profits for FY2020 of S\$29,696,000, the relative size is 0.15%.
- (2) The Company's market capitalisation of approximately S\$361,829,454 is based on its total number of issued ordinary shares ("**Shares**") of 1,189,055,056 and the weighted average price of S\$0.3043 per Share on 31 March 2021, being the last traded market day prior to the date of the SPA. The aggregate Purchase Consideration is S\$1,000,000.
- (3) The number of new ordinary shares to be issued by the Company as consideration for the Acquisition is an aggregate of 1,000,000 new ordinary shares. The number of ordinary shares in issue as at the date of this announcement is 1,189,055,056 shares (excluding treasury shares and subsidiary holdings).

Notwithstanding that none of the relative figures computed on the bases set out under Rule 1006 of the Catalist Rules exceed 5.0%, the Acquisition will be considered to be a discloseable transaction under Chapter 10 of the Catalist Rules since the Purchase Consideration will be satisfied partly by the allotment and issuance of the Consideration Shares for which listing is being sought. Accordingly, this announcement is made pursuant to the requirements of Rule 1009 of the Catalist Rules.

## 6. FINANCIAL EFFECTS OF THE ACQUISITION

The unaudited pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial position of the Group after completion of the Acquisition. The unaudited pro forma financial effects below were prepared based on the audited financial statements for the Group for FY2020.

### 6.1. Net Asset Value ("NAV")

Assuming the Acquisition had been completed or had taken place as at 30 September 2020, the unaudited pro forma NAV of the Group would have been as follows.

	Before the Acquisition	After the Acquisition
<b>NAV (S\$'000)</b>	110,205	110,205
<b>Number of Shares</b>	1,189,055,056 <sup>(1)</sup>	1,190,055,056
<b>NAV per Share (cents)</b>	9.27	9.26

**Note:**

- (1) Calculated based on 1,189,055,056 shares as at the date of this announcement (excluding treasury shares and subsidiary holdings).

### 6.2. Net Tangible Assets ("NTA")

Assuming the Acquisition had been completed or had taken place as at 30 September 2020, the unaudited pro forma NTA of the Group would have been as follows.

	Before the Acquisition	After the Acquisition
<b>NTA (S\$'000)</b>	105,796	104,867 <sup>(1)</sup>
<b>Number of Shares</b>	1,189,055,056 <sup>(2)</sup>	1,190,055,056
<b>NTA per Share (cents)</b>	8.90	8.82

**Notes:**

- (1) The NTA of the Group after the Acquisition takes the total consideration of S\$1,000,000, which includes estimated intangible asset and goodwill of S\$929,000 following a purchase price allocation exercise conducted, into account.
- (2) Calculated based on 1,189,055,056 shares as at the date of this announcement (excluding treasury shares and subsidiary holdings).

### 6.3. Earnings per Share ("EPS")

Assuming that the Acquisition had been effected on 1 October 2019 (being the beginning of the most recently completed financial year ended 30 September 2020), the pro forma EPS of the Group for FY2020 are as follows:

	Before the Acquisition	After the Acquisition
<b>Profit after tax attributable to Shareholders (S\$'000)</b>	25,225	25,263 <sup>(1)</sup>
<b>Number of Shares</b>	1,189,055,056 <sup>(2)</sup>	1,190,055,056
<b>EPS per Share (cents)</b>	2.12	2.12

**Notes:**

- (1) The EPS per Share of the Group after the Acquisition is calculated based on the unaudited net profit after tax attributable to shareholders of the Cleaning Business of S\$37,900 (after 2020 Adjustments) and the net profit after tax attributable to shareholders of the Group for FY2020 of S\$25,225,000.
- (2) Calculated based on 1,189,055,056 shares as at the date of this announcement (excluding treasury shares and subsidiary holdings).

## 7. CONSIDERATION SHARES

The Consideration Shares will be issued pursuant to the authority under the general share issue mandate granted by the Shareholders at the annual general meeting of the Company held on 26 January 2021 ("**AGM**") pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Catalist Rules ("**General Mandate**"). The General Mandate authorises the Directors to allot and issue not more than 1,188,667,212 being 100% of the total number of issued shares in the capital of the Company ("**Shares**") (excluding treasury shares and subsidiary holdings) as at the date of the AGM, of which the aggregate number of Shares that may be issued other than on a pro-rata basis to existing Shareholders must not be more than 594,333,606 Shares, being 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM. No Shares were previously issued under the General Mandate prior to the date of this Announcement. Accordingly, the allotment and issuance of 1,000,000 new Shares pursuant to the Consideration Shares falls within the General Mandate. Following the issuance of the Consideration Shares, the Company's issued and paid-up share capital will increase from 1,189,055,056 Shares as at the date of this announcement to 1,190,055,056 Shares (excluding treasury shares and subsidiary holdings). The Consideration Shares represent 0.08% of the total number of issued Shares as at the date of this Announcement and approximately 0.08% of the enlarged total number of issued Shares.

The Consideration Shares to be allotted and issued by the Company will be free from all charges, liens and other encumbrances and shall, upon allotment and issue, rank *pari passu* with, and carry all rights similar to, the existing issued Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the issue of such new Shares, as the case may be.

The sponsor of the Company, PrimePartners Corporate Finance Pte. Ltd. will be making an application on behalf of the Company to the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist Board of the SGX-ST.

The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST for the listing and quotation for the Consideration Shares on Catalist Board of the SGX-ST.

## **8. MORATORIUM ON THE CONSIDERATION SHARES**

Each of the Vendors has undertaken, in respect of the Consideration Shares, not to sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, sell any option or contract to purchase, purchase any option or contract to sell, grant any security over, encumber (such as by way of mortgage, assignment of rights, charge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any or all of:

- (a) 100% of the Consideration Shares issued to the Vendors for the 12-month period commencing from the date of the SPA (the "**First Moratorium Period**"); and
- (b) 50% of the Consideration Shares issued to the Vendors for the 12-month period commencing immediately from the expiry of the First Moratorium Period.

## **9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed herein, none of the directors and controlling shareholders of the Company have any interest, direct or indirect, in the Acquisition (other than through their respective directorships and shareholdings in the Company, if any).

## **10. DIRECTORS' SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **11. DOCUMENTS FOR INSPECTION**

Copies of the SPA, SHA and the Valuation Report 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 months from the date of this Announcement.

BY ORDER OF THE BOARD

**Hoon Chi Tern**

Company Secretary

1 April 2021

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*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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