

KIMLY LIMITED

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

ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TECK WHYE 143 FOOD HOUSE PTE. LTD. AND THE PROPERTY AT 143 TECK WHYE LANE

1. INTRODUCTION

The Board of Directors (the "**Board**") of Kimly Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that Jin Wei Food Holdings Pte. Ltd. ("**JWFH**"), a wholly-owned subsidiary of the Company, has today acquired from Mr. Lim Hee Liat (the "**Vendor**"), the controlling shareholder of the Company, 100% of the issued and fully-paid ordinary shares (the "**Sale Shares**") in the capital of Teck Whye 143 Food House Pte. Ltd.¹ ("**TW143**"), on the terms and subject to the conditions set out in the sale and purchase agreement (the "**SPA**") between JWFH and the Vendor (the "**Acquisition**").

The consideration for the purchase and acquisition of the Sale Shares (the "**Consideration**") was the sum of S\$10,000, was satisfied entirely in cash and funded by internal resources of the Group. The Consideration was arrived on an arm's length, willing buyer-willing seller basis, and calculated based on the issued share capital of TW143 as at 20 September 2019. The unaudited net tangible assets of TW143 as at 20 September 2019 was S\$7,607².

TW143 had on 3 January 2019 exercised an option to purchase ("**Option to Purchase**") granted by TWL Investment Pte. Ltd. ("**TWL Investment**") for the sale by TWL Investment and the purchase by TW143 of the coffeeshop property located at 143 Teck Whye Lane #01-243 Singapore 680143 (the "**Property**") for the sale price of S\$14,000,000 ("**Property Sale Price**") (the "**Property Acquisition**"). The Property Acquisition is expected to be partially funded by internal resources of the Group and through external financing.

In connection with the option fees of S\$1,400,000 and stamp duty fees of S\$414,600 which were payable by TW143 upon the grant and/or exercise of the Option to Purchase by TW143, together with a loan advance amounting to S\$130,000, an aggregate amount of S\$1,944,600 had been extended by the Vendor to TW143 in connection with the Property Acquisition (the "**Loan**"). No fee or interest was payable on the Loan and there were no fixed repayment terms. Concurrent with completion of the Acquisition, full repayment of the Loan had been made by TW143 to the Vendor through a shareholder loan injected by JWFH (funded by the Group's internal resources) into TW143.

2. INFORMATION ON TW143, THE VENDOR AND TWL INVESTMENT

2.1. Information on TW143

TW143 is a private company incorporated in Singapore on 3 December 2018 and has an issued and paid-up share capital of S\$10,000 comprising 10,000 ordinary shares. TW143 has not commenced any business operations or activities since its date of incorporation, save for the matters set out above and in connection therewith.

¹ TW143 has changed its name to Choh Dee (TW143) Food House Pte. Ltd. with effect from the date hereof.

² The unaudited net tangible assets of TW143 is calculated based on the initial capital of S\$10,000 injected by the Vendor, less the incorporation and administrative fees of S\$2,393.

2.2. Information on the Vendor

The Vendor is currently the Executive Chairman of the Company and a controlling shareholder of the Company, with a direct interest in 489,915,165 ordinary shares, representing 42.6% of the issued and paid-up share capital of the Company as at the date of this announcement. The Vendor is also a director of TW143.

2.3. Information on TWL Investment

TWL Investment is a private company incorporated in Singapore on 8 June 2007 and its principal activities are the letting and operating of self-owned or leased food courts, coffee shops and eating houses (with mainly rental income) and other holding companies.

To the best of the knowledge of the directors of the Company, TWL Investment and its directors and shareholders (including the ultimate beneficial shareholders) are independent of the directors and the controlling shareholder of the Company and their respective associates.

3. INFORMATION ON THE PROPERTY

The Property is a coffeeshop with seven (7) stalls (including the drinks stall), two (2) kiosks and an outdoor refreshment area ("**TW143 Coffeeshop**"). Upon the Property Completion (as defined below), the Group will operate and manage the TW143 Coffeeshop and will also operate the mixed vegetable rice, dim sum and drinks stalls located in the TW143 Coffeeshop. The Property is sold with vacant possession and on an "as is where is" basis upon Property Completion (as defined below).

Based on a valuation report dated 16 September 2019 (the "**Valuation Report**") by Jones Lang Lasalle, the market value of the Property, free from all encumbrances, is S\$14,000,000. The valuation was commissioned by JWFH. The valuation was made on the basis of market value³ and based on direct comparison with recent transactions of comparable properties within the vicinity, taking into consideration the prevailing market conditions and having made due adjustments for differences between properties and the comparables in terms of location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and other factors affecting their values.

4. RATIONALE FOR THE PROPERTY ACQUISITION

The Property Acquisition is in line with the Group's strategy to expand its business to further expand our network of food outlets in Singapore and to establish new food outlets and food stalls as and when suitable strategic locations become available. The Acquisition is also part of the Group's efforts in recalibrating its strategy to explore opportunities to have direct ownership in the properties where the food outlets operated and managed by the Group are located so as to enhance long term shareholder value by operating as well as owning such coffeeshop properties.

With the increase in the number of coffeeshops, the Group continues to strengthen its presence in the market and provide additional revenue streams by opening more food stalls under its food retail division, which is complemented by its newly expanded central kitchen. The Group plans to look for opportunities to acquire and operate more strategically-located coffeeshops in

³ Defined by the SISV valuation standards and International Valuation Standards as follows: "Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

mature estates with established footfalls. This strategy will enable the Group to mitigate uncertainty surrounding its private leases, which can be influenced by expectations from owners and market competition.

5. PRINCIPAL TERMS OF THE OPTION TO PURCHASE

5.1. Property Sale Price

The Property Sale Price is S\$14,000,000 and is at market value based on the Valuation Report. On Property Completion, the remaining amount to be paid by TW143 to TWL Investment will be S\$12,600,000 ("**Balance Property Sale Price**"), of which S\$6,600,000 will be partially funded by internal resources of the Group and S\$6,000,000 will be funded through external financing.

5.2. Completion of the Property Acquisition

Pursuant to the Option to Purchase, completion of the Property Acquisition shall take place on 1 November 2019 or 14 days upon receipt of the approval of the Housing and Development Board ("**HDB**") or the HDB's letter of confirmation that all unauthorised works in the Property have been rectified by TWL Investment (in the event a conditional approval is received by the HDB), whichever is later (the "**Property Completion**").

5.3. Use of the Property and Outdoor Refreshment Area

TWL Investment has warranted that:

- (a) the Property is as at the date of the Option to Purchase and shall on the date of the Property Completion continue to be approved by the competent authorities for use as an "Eating House"; and
- (b) an application has been submitted to the HDB to erect and/or construct an outdoor refreshment area permanent structure ("**ORA Structure**") adjacent to the Property, which shall be completed together with all relevant approvals, certificates and/or endorsed approved building plans being obtained on or before the date of the Property Completion. In the event that the ORA Structure is not completed as aforesaid by the date of the Property Completion, the Property Sale Price shall be reduced by the apportioned costs of the outstanding works based on TWL Investment's quotation for the ORA Structure and the balance professional fees payable to the relevant architect and/or engineer.

5.4. Conditions

The Property Acquisition is subject to, *inter alia*:

- (a) satisfactory replies to the requisitions sent by the solicitors of TW143 to the various government departments including the Land Transport Authority. If any of the aforesaid replies is unsatisfactory, TW143 may annul the sale and purchase herein by giving written notice in that behalf within 14 days from receipt of all such replies and upon such notice being given, the Property Acquisition shall be deemed wholly cancelled and

abortive and the Option to Purchase shall be rescinded and become null and void and of no further effect whatsoever; and

- (b) TWL Investment and TW143 obtaining the prior written consent of the HDB to the sale, and subject to there being no default, refusal, neglect and failure on the part of the Vendor under the Option to Purchase, if the HDB does not grant it approval falling 10 months from the date of the exercise of the Option to Purchase, then either party shall be at liberty to terminate the Option to Purchase by written notice to the other party's solicitors and the Option to Purchase shall then be null and void and shall be treated as cancelled and rescinded and deemed abortive.

Shareholders and potential investors of the Company should note that the Option to Purchase is subject to certain condition precedents and as such, the Property Acquisition may or may not proceed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

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

Rule 1006	Bases	Relative Figure (%)
(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
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits	Not meaningful ⁽¹⁾
(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 ⁽²⁾	5.8%
(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	Not applicable
(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. This 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

Notes:

- (1) There is loss of S\$2,393 in relation to the incorporation and administrative fees arising from the Acquisition. There is no profit attributable from the Property Acquisition.
- (2) Computed based on the Consideration of S\$10,000, Loan of S\$1,944,600 and Balance Property Sale Price of S\$12,600,000 and the market capitalisation of the Company of approximately S\$252,820,245, determined by multiplying the 1,149,182,932 shares of the Company in issue as at the date of this announcement excluding treasury shares and the Company's volume weighted

average price of S\$0.22 per share on 20 September 2019 (being the last trading day for the shares of the Company prior to the preceding date of the SPA).

Having regard to the above, as the relative figures computed based on Rules 1006(c) exceed 5% but not 75%, the Acquisition and Property Acquisition collectively constitute a "discloseable transaction" under Rule 1010 of the Catalist Rules.

7. FINANCIAL EFFECTS OF THE ACQUISITION AND PROPERTY ACQUISITION

The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Group after the completion of the Acquisition and Property Completion. The pro forma financial effects below were prepared on the basis of the audited financial statements of the Group for the financial year ended 30 September 2018 ("FY2018").

7.1. Net Asset Value ("NAV")

Assuming that the Acquisition and Property Acquisition had been effected on 30 September 2018 (being the end of the most recently completely financial year ended 30 September 2018), the pro forma NAV of the Group for FY2018 are as follows:

	Before the Acquisition and Property Acquisition	After the Acquisition and Property Acquisition
NAV (S\$'000)	83,586	83,586
Number of Shares	1,155,389,732	1,155,389,732
NAV per Share (cents)	7.23	7.23

7.2. Net Tangible Assets ("NTA")

Assuming that the Acquisition and Property Acquisition had been effected on 30 September 2018 (being the end of the most recently completely financial year ended 30 September 2018), the pro forma NTA of the Group for FY2018 are as follows:

	Before the Acquisition and Property Acquisition	After the Acquisition and Property Acquisition
NTA (S\$'000)	79,289	79,289
Number of Shares	1,155,389,732	1,155,389,732
NTA per Share (cents)	6.86	6.86

7.3. Earnings per Share ("EPS")

Assuming that the Acquisition and Property Acquisition had been effected on 1 October 2017 (being the beginning of the most recently completely financial year ended 30 September 2018), the pro forma EPS of the Group for FY2018 are as follows:

	Before the Acquisition and Property Acquisition	After the Acquisition and Property Acquisition
Profit after tax attributable to Shareholders (S\$'000)	21,883	21,907 ⁽¹⁾
Weighted average number of Shares	1,157,272,035	1,157,272,035
EPS per Share (cents)	1.89	1.89

Note:

- (1) The proforma financial effects are determined based on the assumptions of interest costs on the bank loan obtained by the Group to finance the Property Acquisition as well as other costs incurred in relation to the Property such as depreciation charges and property tax, offset against rental income from the existing stall tenants in the TW143 Coffeeshop as at Property Completion.

8. THE ACQUISITION AS AN INTERESTED PERSON TRANSACTION

As the Vendor is a director and controlling shareholder of the Company, the Vendor is an "interested person" within the meaning defined under Chapter 9 of the Catalist Rules. As JWFH is a wholly-owned subsidiary of the Company, JWFH is an "entity at risk" within the meaning defined under Chapter 9 of the Catalist Rules. Accordingly, the Acquisition is regarded as an "interested person transaction" under Chapter 9 of the Catalist Rules.

The value of the Acquisition entered into with the Vendor (representing the amount at risk) is the aggregate amount of the Consideration and the Loan, which represents 2.3% of the latest audited net tangible assets of the Group ("**Group NTA**") as at 30 September 2018.

As the value of the Acquisition does not exceed 3% of the Group NTA, the Company is not required to make any announcement or to seek shareholders' approval pursuant to Rules 905(1) and 906(1) of the Catalist Rules.

As at the date of this announcement, save for the Acquisition, there were no non-mandated interested person transactions entered into by the Group with the Vendor that exceeded S\$100,000 for the financial year ending 30 September 2019.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition and the Property Acquisition, other than through their respective directorships and shareholdings in the Company.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Acquisition and/or the Property 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, the Option to Purchase and the Valuation Report will be made 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

Hoon Chi Tern
Company Secretary

24 September 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the 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 E-mail: sponsorship@ppcf.com.sg).