

**ACQUISITION OF 25% PARTNERSHIP INTEREST IN NORTH VIEW INVESTMENTS LLP
WHICH HOLDS THE PROPERTY AT 925 YISHUN CENTRAL 1 #01-249**

1. INTRODUCTION

The Board of Directors (the "**Board**") of Kimly Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that Northstar (2001) Pte. Ltd. ("**Northstar**"), a wholly-owned subsidiary of the Company, has today acquired from Mr. Steven Tiong Choon Hieng (the "**Vendor**") 25.0% of the partnership interest (the "**25% LLP Interest**") in North View Investments LLP (the "**LLP**") on the terms and subject to the conditions set out in the sale and purchase agreement (the "**SPA**") between Northstar and the Vendor (the "**Acquisition**").

The consideration for the Acquisition was the sum of S\$6,057,968.73 (the "**Consideration**"). The Consideration was arrived at after arm's length negotiations and on a willing-buy willing-seller basis based on the net tangible assets of the LLP with reference to the valuation of the Property (as defined below). The unaudited net tangible assets of the LLP as at 25 June 2020 was S\$24,232,276. While no valuation of the 25% LLP Interest was conducted for the purposes of the Acquisition, a valuation was conducted on the Property (as defined below), which is the main asset of the LLP, details of which are set out below under Section 3. The Consideration was satisfied wholly in cash through the utilisation of internal resources of the Group and is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 30 September 2020. For the avoidance of doubt, no proceeds from the IPO of the Company were utilised for the Acquisition.

As the relative figures computed on the bases set out under Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**") do not exceed 5.0%, the Acquisition is considered a non-discloseable transaction under Chapter 10 of the Catalist Rules. Accordingly, the disclosure requirements of this announcement have been made in accordance to Rule 1008 of the Catalist Rules for the voluntary announcement of non-discloseable transactions.

2. INFORMATION ON THE LLP AND THE VENDOR

The LLP is a limited liability partnership established in Singapore on 22 January 2020. The LLP is the legal and beneficial owner of the title for the 99-year leasehold commencing from 1 September 1991 of the coffeeshop property located at 925 Yishun Central 1 #01-249 Singapore 760925 (the "**Property**").

In connection with the Acquisition, Northstar has entered into a limited liability partnership agreement in respect of the LLP with the Vendor and the other partners of the LLP, which will set out the rights and obligations of the partners of the LLP (the "**LLP Agreement**").

To the best of the knowledge of the directors of the Company, the Vendor and each of the partners of the LLP 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 14 stalls (including the drinks stall) (the "**Yishun 925 Coffeeshop**") and the Group has operated and managed the Yishun 925 Coffeeshop since 1 January 2001, and also operates the drinks stall and dim sum stall located at the coffeeshop.

Based on a valuation report dated 10 February 2020 prepared by PREMAS Valuers & Property Consultants Pte. Ltd., the open market value of the Property with vacant possession and assuming free from all encumbrances is S\$32,000,000. The income method of valuation was used to derive the market value of the Property, based on the present worth of the expected future income in the form of estimated net profit rental value capitalised at an appropriate investment yield. The valuation was commissioned by a lender for the purposes of refinancing the existing loan relating to the Property.

Concurrent with the completion of the Acquisition, the Group has entered into a new lease agreement with the LLP, and the Group will continue to operate and manage the Yishun 925 Coffeeshop, as well as the drinks stall and dim sum stall located at the coffeeshop.

4. RATIONALE FOR THE ACQUISITION

The Acquisition will enable the Group to entrench its operating rights of the Yishun 925 Coffeeshop as the Group will be granted the first right of refusal to purchase the Property on terms which shall have been offered to the LLP at open market value (based on independent valuation) in the event the Property is offered for sale during the term of the Lease, and the first right to renew the lease at a market rental based on an independent valuation to be commissioned by the Group at its own cost, under the terms of the LLP Agreement.

The Acquisition is part of the Group's efforts in recalibrating its strategy to explore opportunities to have long-term direct ownership in coffeeshop properties where the food outlets operated and managed by the Group are located, so as to enhance long-term shareholder value by ensuring sustained operations in these food outlets and to mitigate uncertainties surrounding private leases, which can be influenced by expectations from landlords and market competition.

As part of the Group's strategy to expand its business by further expanding 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 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 continue to look for opportunities to acquire and operate more strategically located coffeeshops in mature estates with established footfalls.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition, other than through their respective directorships and shareholdings in the Company.

BY ORDER OF THE BOARD

Hoon Chi Tern
Company Secretary

26 June 2020

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).