

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

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S ANNOUNCEMENT DATED 9 SEPTEMBER 2020 ON THE ENTRY INTO JOINT VENTURE AGREEMENTS TO OPERATE AND MANAGE SHORT-TERM HDB COFFEESHOP LEASES

The Board of Directors ("**Board**") of Kimly Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refer to the announcements dated 21 February 2020 in relation to the entry into definitive agreements to acquire a portfolio of food outlet companies and 9 September 2020, in relation to the entry into joint venture agreements to operate and manage short-term HDB coffeeshop leases (the "**Announcements**").

Save as expressly stated or the context otherwise requires, capitalised terms shall have the meanings ascribed to them in the Announcements.

The Company would like to provide its responses to queries raised by the SGX-ST on 10 September 2020, in respect of the Company's announcement dated 9 September 2020 (the "**Company's Responses**") as follows:-

SGX Question 1

Please present a table presenting the relative figures under Catalist Rule 1006, taking into account Catalist Rule 1005 – aggregating the past transactions within the last 12 months with common vendors (i.e. Shareholders of the JV Partners).

Company's Response

Transactions with Mr Tan Koo Bock

Rule 1006	Bases	Relative Figures		
		Acquisition of Wei Sheng	Joint Venture Agreement with JSH	Total
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. The 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.	1.6% ⁽¹⁾	0.2% ⁽²⁾	1.8%
(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.	7.4% ⁽³⁾	0.4% ⁽³⁾	7.8%
(d)	The number of equity securities issued by the issuer as consideration for an	1.9% ⁽⁴⁾	–	1.9%

	acquisition, compared with the number of equity securities previously in issue.			
(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 the Proposed Acquisition is not mineral, oil nor gas related.		

Transactions with Mr Tan Ching San

Rule 1006	Bases	Relative Figures		
		Asset sale and purchase agreement with YLH	Joint Venture Agreement with JSH	Total
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. The 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.	No profit is attributable to the Properties to be acquired in the Asset Acquisition as they relate to asset purchases	0.2% ⁽²⁾	0.2%
(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.	7.9% ⁽³⁾	0.4% ⁽³⁾	8.3%
(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.	1.6% ⁽⁴⁾	—	1.6%
(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 the Proposed Acquisition is not mineral, oil nor gas related.		

Transactions with Mr Tan Puay Ling

Rule 1006	Bases	Relative Figures		
		Asset sale and purchase agreement with YLH	Joint Venture Agreements with HKH and JSH	Total
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. The 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.	No profit is attributable to the Properties to be acquired in the Asset Acquisition as they relate to asset purchases	0.5% ⁽²⁾	0.5%
(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.	7.9% ⁽³⁾	0.9% ⁽³⁾	8.8%
(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.	1.6% ⁽⁴⁾	—	1.6%
(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 the Proposed Acquisition is not mineral, oil nor gas related.		

SGX Question 2

We further note that the Company will enter into a third and final JVA with S. Tong Hong Pte Ltd, which has common shareholders are the current Proposed Acquisition.

For illustrative purpose, please aggregate all the 3 JVAs and present the relative figures.

Company's response

Transactions with Mr Tan Koo Bock

Rule 1006	Bases	Relative Figures		
		Acquisition of Wei Sheng	Joint Venture Agreements with JSH and STH	Total
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. The 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.	1.6% ⁽¹⁾	0.4% ⁽²⁾	2.0%
(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.	7.4% ⁽³⁾	0.8% ⁽³⁾	8.2%
(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.	1.9% ⁽⁴⁾	—	1.9%

(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 the Proposed Acquisition is not mineral, oil nor gas related.
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Transactions with Mr Tan Ching San

Rule 1006	Bases	Relative Figures		
		Asset sale and purchase agreement with YLH	Joint Venture Agreements with JSH and STH	Total
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. The 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.	No profit is attributable to the Properties to be acquired in the Asset Acquisition as they relate to asset purchases	0.4% ⁽²⁾	0.4%
(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.	7.9% ⁽³⁾	0.8% ⁽³⁾	8.7%
(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.	1.6% ⁽⁴⁾	—	1.6%
(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 the Proposed Acquisition is not mineral, oil nor gas related.		

Notes:

The relative figures are derived based on:-

- (1) the aggregate of Wei Sheng's pro-rated audited net profit attributable for the eight-months' financial period from 1 October 2018 to 31 May 2019 and the unaudited net profits for the four-months' financial period from 1 June 2019 to 30 September 2019 was approximately S\$384,000. The audited net profits attributable to the Group for the financial year ended 30 September 2019 was approximately S\$23,943,000;
- (2) the Group's share of 49% profits of the adjusted six-months unaudited net profit attributable to Joo Seng Food Place Pte. Ltd.; Hong Kah Food Place Pte. Ltd.; and Sin Tong Hong Eating House Pte. Ltd. (each a "JVCO"). were approximately S\$40,000, S\$26,000 and S\$20,000 respectively. The adjustment formula applied is as follows:- [(net profits of JVCO for three-month period April to June 2020) X 2 X 49% interest acquired by the Group]. The latest announced unaudited consolidated net profit of the Group for the six-months period from 1 October 2019 to 31 March 2020 was approximately S\$12,602,000; and

(3)

	Acquisition of Wei Sheng	Asset sale and purchase agreement with YLH	Joint Venture Agreements with HKH, JSH and STH
Market capitalisation of the Company	S\$264,247,674	S\$264,247,674	S\$290,153,166
Number of shares in issue (excluding treasury shares)	1,148,902,932	1,148,902,932	1,188,667,212
Volume weighted average price as at the relevant date	S\$0.23 20 February 2020	S\$0.23 20 February 2020	S\$0.2441 8 September 2020
Aggregate consideration	S\$19,500,000	S\$20,915,000	Please refer to Note 2a below.

Note 2a

Joint Venture Company	Lease Assignment Fee S\$	Capital Injection S\$	Total S\$
Hong Kah Food Place Pte Ltd	1,225,000	147,000	1,372,000
Joo Seng Food Place Pte Ltd	980,000	147,000	1,127,000
Sin Tong Hong Eating House Pte Ltd	980,000	147,000	1,127,000
Total	3,185,000	441,000	3,626,000

- (4) The number of new ordinary shares issued by the Company as consideration for the Acquisition of Wei Sheng and Asset sale and purchase with YLH were 22,000,000 and 18,000,000 new ordinary shares respectively. The number of ordinary shares in issue as at 21 February 2020 was 1,148,902,932 shares (excluding treasury shares).

BY ORDER OF THE BOARD

Hoon Chi Tern

Company Secretary

11 September 2020

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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