

**ST ARTICLE ENTITLED 'POKKA SUES ACTRESS VIVIAN LAI'S HUSBAND, ALLEGING HE WAS PART OF CONSPIRACY THAT CAUSED \$10M LOSS' DATED 29 AUGUST 2019  
- RESPONSES TO SGX-ST QUERIES**

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The Board of Directors of Kimly Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in relation to the aforesaid article, and provides its responses as follow:

**SGX Query 1**

*How did Alain Ong become a director of Kimly Limited (the “Company” or “Kimly”)? Please also include the following:*

- (a) *Who introduced him to the Company?*
- (b) *When was he introduced to the Company?*
- (c) *Did he have any role in the Company before the IPO?*

**Company's Response**

Pokka International Pte Ltd (“**Pokka**”) is one of the Group's beverages suppliers. Alain Ong, together with his sales representative, paid an introductory visit to the Company when he joined Pokka in or around 2008.

When the Group contemplated an IPO, Alain Ong was identified as a potential Non-Executive and Non-Independent Director due to his industry and business knowledge and experience. He was subsequently appointed as Non-Executive and Non-Independent Director on 15 February 2017, before the Group's IPO.

As with the other Non-Executive and Independent Directors appointed for the IPO, he was kept regularly updated on the IPO process and together with the other Directors, contributed and provided feedback and views to the management of the Group leading up to the Group's IPO.

**SGX Query 2**

*What is Alain Ong's role and involvement in Kimly?*

**Company's Response**

During Alain Ong's appointment as Non-Executive and Non-Independent Director, he was also a member of the Audit Committee and Remuneration Committee of the Company.

As announced by the Company on 23 January 2018, he ceased to be a Director as he did not seek re-election at the Company's Annual General Meeting on 23 January 2018 due to his other principal commitments.

### **SGX Query 3**

*Circumstances leading to the acquisition of Asian Story Corporation ("ASC"). Please provide a timeline.*

#### **Company's Response**

Since the Group was listed, the Group has been actively exploring suitable opportunities to grow its business through acquisitions, joint ventures and form strategic alliances with parties who can help strengthen its market position.

<b>Timeline</b>	
4Q 2017	The Company was approached by the owner of ASC, Wang Jia Ye (" <b>Vendor</b> ") conveying his intention to sell ASC
Jan to March 2018	Evaluating target company, ASC
April 2018	Signing of non-binding term sheet
April to June 2018	Due Diligence exercise, valuation of ASC, Sale & Purchase Agreement (" <b>SPA</b> ") negotiation
2 July 2018	SPA signed
29 November 2018	Rescission of SPA

### **SGX Query 4**

*What was the due diligence performed on ASC prior to the acquisition?*

#### **Company's Response**

The Company appointed the following reputable professional firms to assist it in the acquisition (collectively "**Professional Firms**"):

- (i) RHT Capital Pte Ltd as financial adviser;
- (ii) Rajah & Tann Singapore LLP as legal adviser; and
- (iii) BDO Advisory Pte Ltd as valuer ("**Valuer**").

The Company, with the assistance of the Professional Firms, performed established and customary due diligence procedures including questions and answer process, review of material contracts and other legal documents, the historical issuance and transfer of shares, review of historical financials and financial forecasts and discussions with the Vendor.

### **SGX Query 5**

*In terms of financial due diligence, what was done? Was this based on the unaudited financials of ASC?*

#### **Company's Response**

The financial due diligence comprised the review of:

- (i) historical financials for FY2015 (unaudited), FY2016 (unaudited), FY2017 (audited) and management accounts for the period from January to March 2018;
- (ii) financial forecasts for FY2018 to FY2022;
- (iii) contracts/agreements, including loan agreement, manufacturing contracts, distribution contracts and insurance policy; and
- (iv) all correspondences with IRAS, including notices of assessment.

### **SGX Query 6**

Who was the owner of ASC?

#### **Company's Response**

Based on the legal due diligence by the Company's legal adviser, ASC was incorporated on 15 December 2009 by the Vendor. Seah Li Ling ("SLL") became a shareholder of ASC on 13 August 2010 through a new subscription, following which, the Vendor and SLL each held 50% of the shares in ASC. The Vendor transferred his 50% of the shares in ASC to SLL on 31 March 2015 and subsequently acquired 100% of the shares in ASC from SLL on 13 December 2016. The Vendor also represented and warranted he owned legally and beneficially 100% of the shares in ASC as at the date of the SPA and leading up to completion.

### **SGX Query 7**

*In the announcement on the proposed acquisition of ASC, the vendor (i.e. owner of ASC) was stated as Wang Chia Ye. In the ST article, it was reported that ASC was set up by Wang Chia Ye in Dec 2009, and he transferred his shares to Seah Li Ling (wife of former Kimly ED, Glenn Seah) in Apr 2015, and subsequently in Mar 2016, Lim Hee Liat (executive chairman cum controlling shareholder of Kimly) became beneficial owner of the ASC shares under Ms Seah's name. Please explain the discrepancies.*

#### **Company's Response**

Please see the Company's response to SGX Query 6.

### **SGX Query 8**

*In the announcement on the proposed acquisition of ASC, it was stated that ASC is involved in the manufacturing and distribution of beverages. The involvement of Pokka was not mentioned in the announcement. In addition, the ST article stated that, based on Pokka's filing, ASC never had any manufacturing and distribution capabilities and appeared to only have 1 employee. Please explain this.*

#### **Company's Response**

Based on information disclosed by the Vendor to the Company in the course of its due diligence, ASC owns the brands of its Asian beverages, drinking water and other juices, and as part of its asset light business strategy, it engages third party manufacturers (Pokka Corporation Pte. Ltd., Unibro Sdn Bhd and CTP Pacific Sdn Bhd) to produce its products. Due to the nature of its business model and operations, ASC had two employees at the time of the acquisition, comprising the Vendor assisted by a marketing executive.

ASC also owns the distributorship rights granted by Etika Pte. Ltd. to distribute certain beverages, such as Pepsi, 7-Up, Dairy Champ to provision shops, mini marts, coffee shops, hawker centers, wholesalers and school institutions in Singapore.

In April 2018, ASC signed a new distributorship agreement with Maya Corporation Pte. Ltd. to distribute beverages bearing the "Asina" trademark, including China Apple, in Singapore.

Since 1 January 2018, ASC has appointed Pokka International Pte. Ltd. as its exclusive distributor for ASC branded Asian beverages, drinking water and other juices, which are mainly distributed to coffee shops, supermarkets and mini-marts in Singapore.

The Company had not provided these details in its announcement of 2 July 2018 due to their commercial sensitivity.

### **SGX Query 9**

ASC was incorporated in 2009. Based on the ST article, it only entered into the manufacturing agreement with Pokka in Aug 2016. When did ASC commence operations? What were its operations and key products prior to entering into the manufacturing agreement with Pokka to develop recipe and manufacture Asian flavoured drinks?

### **Company's Response**

Based on information provided by the Vendor to the Company in the course of its due diligence exercise, ASC has been operating since its incorporation.

In addition, based on documents provided by ASC, certain intellectual property (key products) owned by ASC were registered prior to Aug 2016.

<b>Trademark</b>	<b>Registration Number</b>	<b>Date of Registration</b>
Happy Belly	T1016332B	10 December 2010
Zhong Hua Legacy	T1115068B	27 October 2011
Jelly Squeez	T1219611B	21 December 2012
Gooru Gooru	40201507288V	7 May 2015
Simply Water	40201515186U	1 September 2015

### **SGX Query 10**

*In the announcement on the proposed acquisition of ASC, a valuation was done on ASC.*

- (a) What were the key assumptions adopted?*
- (b) Are the Board and Sponsor satisfied with the reasonableness of the assumptions, as well as the valuation methodology? What were the basis?*

### **Company's Response**

BDO Advisory Pte. Ltd. assisted the Company in valuing ASC.

The valuation took into consideration the values implied by a combination of discounted cash flow ("DCF") and comparable companies' analysis. Based on the analysis done, the purchase consideration was within the range of implied equity values based on DCF method for ASC. The Board also considered Enterprise Value/EBITDA multiple of the comparable companies as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF method. The valuation assumed, amongst others, the continued performance of ASC's manufacturing and distribution contracts and the expansion of ASC's portfolio of beverage brands into regional territories.

Guided by the report from the Valuer, the Board assessed the assumptions and methodology to be reasonable and was satisfied to proceed with the acquisition.

Prior to announcement of the acquisition, the Board further met with representatives from the Professional Firms, and the latter also took questions from the Board.

### **Sponsor's Response**

PrimePartners Corporate Finance Pte. Ltd. ("PPCF" or the "Sponsor"), the continuing sponsor of the Company, noted that the valuation report detailed (i) the use of the DCF approach, cross-referenced with the Comparable Analysis approach, and (ii) the key assumptions that were used. The Sponsor appreciates that the valuation methodology used is widely accepted and the assumptions had been reviewed by the Board (which in turn had performed their due diligence together with the Professionals Firms, as set out in the Company's response to SGX Query 4).

Based on the above, the Sponsor is satisfied that the valuation methodology adopted is consistent with industry practice and the valuer and Board carried out due enquiry in relation to the assumptions in the valuation of ASC.

### **SGX Query 11**

*What led to the resignation of Alain Ong from the Board of Kimly?*

#### **Company's Response**

Alain Ong retired pursuant to Regulation 116 of the Company's Constitution at the conclusion of the Company's Annual General Meeting held on 23 January 2018 and although eligible, did not seek re-election due to his other principal commitments.

### **SGX Query 12**

*The ST article stated that Alain Ong was the mastermind of the IPO of Kimly and the acquisition of ASC. Based on Sponsor's dealings with the Company and when performing due diligence on the IPO, who was driving the IPO and acquisition of ASC?*

#### **Sponsor's Response**

Mr. Vincent Chia Cher Khiang, the Executive Director of Kimly, was the key person who dealt with the Issue Manager/Sponsor during the IPO due diligence process.

As a continuing sponsor to the Company, the Sponsor's contact point with the Company is Ms. Karen Wong, the former chief financial officer who is now an Executive Director, Finance of the Company. As the continuing sponsor is not part of the working group for the acquisition of ASC, the Sponsor mainly communicated with Ms. Karen Wong on the Company's disclosure obligations under the Catalist Rules pursuant to the acquisition of ASC.

### **SGX Query 13**

*Please indicate what are the relationships between Alain Ong, Amos Wang Chia Ye, Glenn Seah, Seah Li Ling, Lim Hee Liat and Chin Ghim Wah.*

#### **Company's Response**

The Company is only aware as follows:

<b>Name</b>	<b>Relationships</b>
Alain Ong	Non-Executive and Non-Independent Director of the Company from 15 February 2017 to 23 January 2018.
Amos Wang Chia Ye	Owner of ASC and the Vendor
Glenn Koh	Please refer to the Company's response to SGX Query 16.
Seah Li Ling	Previous owner of ASC, who according to the due diligence results conducted by the Company, transferred all her shares in ASC to the Vendor on 13 December 2016.  Please also refer to the Company's response to SGX Query 16.
Lim Hee Liat	Executive Chairman of the Company
Chin Ghim Wah	Commercial Director of Pokka

The Company is not otherwise privy to any other relationships between these parties.

### **SGX Query 14**

*What is the status of the CAD investigation?*

#### **Company's Response**

The investigation by CAD is still ongoing.

### **SGX Query 15**

*What are the present duties and responsibilities of the directors involved in the CAD investigation?*

#### **Company's Response**

Mr Lim Hee Liat, Executive Chairman, oversees the overall development and performance of the Group, while Mr Vincent Chia Cher Khiang, Executive Director, is responsible for strategising and implementing key improvements to the Group's various processes so as to continually raise the Group's standards of productivity and food quality.

As disclosed in the Company's announcement dated 29 November 2018, the investigation by CAD is ongoing and as the Company is not aware that any formal charges have been made against the directors involved in the CAD investigation, the other members of the Board are of the view that the directors should continue to discharge their responsibilities and duties in the operation of the Group's businesses to ensure business continuity.

### **SGX Query 16**

*Who is Glenn Seah? When was he appointed as a director of Kimly?*

#### **Company's Response**

The Company does not know of any Glenn Seah.

The ST Article may be referring to Glenn Koh, who was previously a director of following subsidiaries of the Group:

- (i) FoodClique Pte Ltd
- (ii) BN123 Food House Pte Ltd
- (iii) Chai Chee 29 Food House Pte Ltd
- (iv) Park (E) Crescent Food House Pte Ltd
- (v) Park Reservoir Food House Pte Ltd
- (vi) PP146 Food House Pte Ltd
- (vii) Sengkang 266 Food House Pte Ltd

Glenn Koh has ceased to be a director of these subsidiaries since 1 June 2017, and had resigned for his own personal reasons, which he declined to share with the Company then. Glenn Koh is also the spouse of Seah Li Ling.

For avoidance of doubt, Glenn Koh was never a Director of the Company. Neither was he considered a key management of the Group at the time of IPO.

BY ORDER OF THE BOARD  
**KIMLY LIMITED**

**Hoon Chi Tern**  
Company Secretary

3 September 2019  
Singapore

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*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 Catalist.*

*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 Email: sponsorship@ppcf.com.sg).*