

ENGAGEMENT OF INDEPENDENT CONSULTANTS

The Board of Directors ("**Board**") of Kimly Limited ("**Company**", and together with its subsidiaries, "**Group**") refers to its announcement dated 10 February 2022, wherein it had mentioned the Company was in discussions with Mr Lim Hee Liat ("**Mr. Lim**", the Group's previous executive chairman) and Mr Chia Cher Khiang ("**Mr. Chia**", the Group's previous executive director) on their potential continued contributions to the Group's businesses as independent consultants in order to leverage off their more than 50 collective years' of experience, knowledge, market intelligence and relationship with stakeholders and participants in the coffeeshop and F&B industry.

As had been announced on 16 February 2022, the charges against Mr. Lim and Mr. Chia had been finally resolved subsequent to their admission to non-compliance with the specified provisions under the Securities and Futures Act 2001, and the State Courts had imposed monetary fines as well as disqualification on them from acting as directors and/or directly/indirectly managing a company for a period of 5 years.

Following discussions between the Company and Mr. Lim and Mr. Chia on their continued support to the ongoing growth and expansion of the Group, the Company has today engaged Mr. Lim and Mr. Chia to provide advisory and consultancy services to the Group and its management on:

- (a) development of the Group's business strategies in, amongst others, expansion of its coffee shop segment through introduction of new product types, new brands and concepts, new markets, and new business projects which can further the Company's fundamental businesses;
- (b) assessing short, medium and long term stability, sustainability, resilience and growth areas of the Group's businesses;
- (c) improving integration, synergies, efficiencies and cost efficacies of the Group's businesses, partnerships and new outlets to harness and extract full benefits;
- (d) leveraging on centralised functions such as central kitchen, procurement, information technology, artificial intelligence and digitisation platforms and backend office functions to streamline operations and provide optimal food products and services; and
- (e) identification and/or introduction of business opportunities to expand and grow the Group's market share.

Under the consultancy services agreements, Mr. Lim and Mr. Chia will be compensated on an hourly rate basis, which takes into account their seniority, experience, track record and credentials in the industry in which the Group is engaged. As independent consultants, they will perform their services under the supervision of the management of the Group, who will in turn report and provide updates on a periodic basis to the Board, including appraisal and achievements of performance targets, timelines and milestones which may be set.

In connection with their engagement, the Company has further commissioned Willis Towers Watsons Consulting (Singapore) Pte Ltd ("**WTW**"), one of the leading HR professional consultancies, to provide its proposal on appropriate fee benchmarking and incentives. Based on WTW's schedule, their proposal is expected to be presented to the Board for consideration on or before 31 May 2022. In the event there is any material variation between the WTW proposal and terms under the consultancy services agreements, the Company is entitled to revise the terms of engagement of the independent consultants from its effective date.

In approving the engagement of Mr. Lim and Mr. Chia as independent consultants of the Group under the consultancy services agreements, the Nominating Committee has taken into account, amongst others, the following salient considerations:

- (a) Mr. Lim's role as founding shareholder of the Group with more than 30 years' experience in the coffeeshop and F&B industry;
- (b) Mr. Chia's more than 20 years' experience as well as contributions to the Group since joining in 2006;
- (c) their substantial stake in the Company and alignment of interests with other stakeholders in ensuring the profitability and success of the Group;
- (d) their considerable experience, knowledge, market intelligence and relationship with industry participants;
- (e) their familiarity with the Group's mission and goals;
- (f) their performance in their previous executive capacities with the Group;
- (g) the Nominating Committee's personal interactions with and observations of Mr. Lim and Mr. Chia;
- (h) their remorse and regret at their misjudgement resulting in the aforesaid non-compliance with the Securities and Futures Act 2001, and their conduct, commitment and co-operation since then to minimise any adverse impact on the Group and indeed to continue to promote the interest of the Group and its businesses and the results of these efforts; and
- (i) the advantages and benefits which may accrue to the Group in meaningfully leveraging off and capitalising on their experience, knowledge, market intelligence and relationship with industry participants.

BY ORDER OF THE BOARD

KIMLY LIMITED

Hoon Chi Tern
Company Secretary
2 March 2022

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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