

KIMLY LIMITED

(Incorporated in Singapore)

(Company Registration No.: 201613903R)

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1. REGULATORY UPDATE

The Board of Directors (the "**Board**") of Kimly Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its announcements dated 29 November 2018 and 4 December 2018 in relation to regulatory investigations against the Executive Chairman, Mr. Lim Hee Liat ("**Mr. Lim**") and the Executive Director, Mr. Chia Cher Khiang ("**Mr. Chia**").

Mr. Lim and Mr. Chia have informed the Board that they have today been notified by the Commercial Affairs Department (the "**CAD**") of the Singapore Police Force that they have each been charged for an offence under Section 331(1) read with Section 204(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") (collectively, the "**SFA Charges**"). The SFA Charges against Mr. Lim and Mr. Chia were in relation to the Company's failure to notify the Singapore Exchange Limited ("**SGX**") that its acquisition of Asian Story Corporation Pte. Ltd. ("**ASC**") (the "**ASC Acquisition**") was an interested person transaction, required to be immediately announced under Rule 905(1) of the SGX Catalist Listing Rules (the "**Catalist Rules**"). As a result, the Company had committed an offence under Section 203(1) read with Section 203(2) of the SFA, which offence was committed with Mr. Lim and Mr. Chia's consent as directors of the Company.

Additionally, Mr. Lim has separately been charged under Section 156(1) read with Section 156(15) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"). During or before the ASC Acquisition, Mr. Lim had failed to disclose that ASC was a company which was partially beneficially owned by him, as soon as practicable after the relevant facts came to his knowledge, and he has thereby failed to disclose his indirect interest in a transaction with the Company.

As announced by the Company on 29 November 2018, 8 January 2019, 26 November 2020 and 30 December 2020, the acquisition of ASC has already been rescinded by the Company, and the Company has also received all consideration previously paid to the vendor. For the avoidance of doubt, the Company has not suffered any loss whatsoever.

Mr. Lim and Mr. Chia have further notified the Board of their resignation as Directors with effect from the date hereof.

2. RECONSTITUTION OF BOARD AND BOARD COMMITTEES

Following the resignations of Mr. Lim and Mr. Chia:

- (i) Mr. Lau Chin Huat, currently an independent Director on the Board, has been redesignated as Non-Executive Independent Chairman; and
- (ii) Ms. Wong Kok Yoong Karen, current Finance Director on the Board, has been redesignated as Executive Director and will also be appointed to the Nominating Committee to replace Mr. Lim.

The Board therefore comprises:

- (i) Mr. Lau Chin Huat (Non-Executive Independent Chairman, Chairman of Nominating Committee and Member of Audit Committee and Remuneration Committee);
- (ii) Mr. Wee Tian Chwee Jeffrey (Independent Director, Chairman of Audit Committee and Member of Remuneration Committee);
- (iii) Mr. Lim Teck Chai Danny (Lead Independent Director, Chairman of Remuneration Committee and Member of Audit Committee and Nominating Committee); and
- (iv) Ms. Wong Kok Yoong Karen (Executive Director and Member of Nominating Committee).

3. APPOINTMENT OF A FINANCIAL CONTROLLER AND EXISTING KEY MANAGEMENT AS EXECUTIVE OFFICERS

As part of the Group's continued efforts to strengthen the leadership team and for the purposes of succession planning, the Group has also appointed a financial controller and included additional two members of its current management team as Executive Officers as defined under the Catalist Rules, namely:

- (i) Mr. Yeo Yien Gee Ronnie, Director of Operations for Kimly Food Retail Division as Executive Officer of the Company

Mr. Yeo is currently the Director of Operations for Kimly Food Retail Division. He is responsible for the overall management and oversight of the Group's Kimly Food Retail Division.

Mr. Yeo joined the Group in 2014 as an Operations Manager and was promoted to Business Development Manager in 2016. He also played a key role in the Group's acquisition of the restaurants and confectionery businesses, Tonkichi and Rive Gauche in 2018.

- (ii) Mr. Chua Yong Chuan Kelvin, Managing Director of Tenderfresh Group, as Executive Officer of the Company

Mr. Chua joined Tenderfresh Fried & BBQ Chicken Pte. Ltd. in 2012. A chef by training, he played a key role in the modernization of Tenderfresh's menu and food processing capabilities. As the Managing Director of the Tenderfresh Group, he is responsible for the overall management and oversight of the operations and resources of the Tenderfresh Group.

- (iii) Ms. Lin Meiqi, Appointment as Financial Controller of the Company

Ms. Lin joined the Group in 2018 as a Group Finance Manager. As Financial Controller, she is responsible for financial reporting, overall finance functions and accounting matters of the Group.

Ms. Lin started her career as an auditor with Ernst & Young LLP in 2011 and was an Audit Manager when she left in 2018 and joined the Group. She graduated with a Bachelor of Business Administration (Accountancy) from the National University of Singapore. Ms. Lin is a Chartered Accountant in Singapore and a member of the Institute of Chartered Accountants Singapore.

The existing Executive Officer, Mr. Tan Chong Sing Roy ("**Mr Tan**"), will relinquish his role as Head of Operations. Mr. Tan will be appointed as the Director of Business Development and Strategic Planning of the Group. In his new role, he is responsible for formulating and implementing growth strategies for the Group and matters relating to investor relations. He also oversees the human resource and marketing departments.

The existing Executive Officer, Mr. Peh Kim Leong Sunny will remain as the Director of Operations for the Outlet Management Division. The five (5) Executive Officers (including the financial controller) will support the Board of Directors to build on the strong foundation laid by the predecessors so as to continue delivering sustainable long-term value for our shareholders.

Pending the conclusion of court proceedings, the Board has further requested Mr. Lim and Mr. Chia to remain as employees of the Group to assist and facilitate the Board and management in the transition.

Considering Mr. Lim's role as founding shareholder of the Group with more than 30 years' experience in the coffeeshop and F&B industry, and Mr. Chia's more than 20 years' experience as well as contributions to the Group since joining in 2006, including their familiarity with the Group's mission and goals, the Board is of the view that the Company can meaningfully leverage off and capitalise on their considerable experience, knowledge, market intelligence and relationship with industry participants.

In arriving at its view, the Board has also taken into account, amongst others, the following notable achievements by the Group during their tenure. Under Mr. Lim and Mr. Chia's leadership:

- (a) the Group has been extending its network of food outlets in strategic locations. Today, the Group operates 83 food outlets and 145 food stalls/restaurants/shops across Singapore, increased from 64 food outlets and 121 food stalls respectively since IPO in FY2017. In FY2020, the Group's revenue and profit after tax amounted to S\$210.8 million and S\$25.2 million, increased by 9.7% and 17.7% respectively as compared to FY2017;
- (b) the Group has started to embark on the journey of obtaining more direct asset ownerships and achieved a remarkable acquisition track record during FY2020. The Group has acquired a total of nine food outlet properties which includes five coffeeshops, three industrial canteen units and a restaurant unit for an aggregate consideration of S\$69.8 million. Given the limited supply of long-term leasehold coffeeshop properties for sale or lease, the acquisition has allowed the Group to secure the long-term right-of-use of these properties to expand and grow its network of food outlets and food retail stalls; and
- (c) the Group has entered into a joint venture agreement with Tenderfresh Fried & BBQ Chicken Pte. Ltd. to operate and manage a Halal coffeeshop in November 2020 and completed the acquisition of a 75% stake in the Tenderfresh Business in October 2021 to facilitate the Group's expansion of its F&B business to the Halal F&B market. In addition, by leveraging on Tenderfresh's competitive edge and wide network in the Singapore Halal F&B market, the joint venture and acquisition provide a strategic platform for the Group to further diversify its revenue streams and expand its customer base as well as product offerings.

For the avoidance of doubt, Mr. Lim and Mr. Chia's continued services and contributions to the Group will be made at all times under the leadership, direction and supervision of the Board and management. As controlling shareholder of the Company, the Board is also confident that Mr. Lim will continue to support the Group's growth and expansion, as well as its investments in digitisation, automation and streamlining of systems and processes to enhance business efficacies and productivity.

The detailed respective announcements pursuant to Rule 704(6) of the Catalist Rules in relation to the aforementioned cessation, re-designation, appointment will be released separately on the SGXNET on 11 November 2021.

4. EXPECTED DATE OF RELEASE OF UNAUDITED FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

The Company expects to release its unaudited full year results for the financial year ended 30 September 2021 on or around 25 November 2021.

BY ORDER OF THE BOARD
KIMLY LIMITED

Hoon Chi Tern
Company Secretary
11 November 2021

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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