

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

**ENTRY INTO A JOINT VENTURE AGREEMENT TO OPERATE AND MANAGE
SHORT-TERM HDB COFFEESHOP LEASES**

1. INTRODUCTION

The Board of Directors ("Board") of Kimly Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce that its wholly-owned subsidiary, Kimly Makan Place Pte. Ltd. ("KMP") has, on 29 April 2021, entered into a joint venture agreement ("JVA") with Tade Group Pte. Ltd. ("TG") in relation to, *inter alia*, the operation and management of the short-term Housing and Development Board ("HDB") coffeeshop leases of the coffeeshops located at Block 233 Bukit Batok East Avenue 5 #01-53 Singapore 650233 ("Bukit Batok 233 Coffeeshop") and Block 153A Serangoon North Avenue 1 #01-462 Singapore 551153 ("Serangoon 153A Coffeeshop") leased by the joint venture company, **Zhen Wei Food House Pte. Ltd.** ("JVCO").

2. INFORMATION ON THE JOINT VENTURE COMPANY AND TG

2.1 Information on the JVCO

The JVCO was incorporated by TG on 2 November 2020, having an initial issued share capital of S\$100 comprising of 100 ordinary shares.

The JVCO will be allotting 147,000 ordinary shares to KMP and 152,900 ordinary shares to TG, at a consideration of S\$147,000 and S\$152,900 respectively. Following which, KMP will hold 49% of the shares in the JVCO, whilst TG shall hold the remaining 51% of the shares in the JVCO. The total consideration to be paid by KMP for 49% of the shares in the JVCO is S\$147,000.

The leases were originally held by TG. For the purposes of the JVA entered into with TG, and as of the date of this Announcement, new Leases with HDB for the Bukit Batok 233 Coffeeshop and Serangoon 153A Coffeeshop have been entered into by the JVCO, with the JVCO being principally engaged in the business of letting and operating self-owned or leased food courts, coffeeshops and eating houses.

2.2 Information on TG

TG is a private company incorporated in Singapore on 21 January 2011 and has an issued and paid-up share capital of S\$100 comprising 100 ordinary shares. The shareholders of TG are Mr Ow Soon Pooh, who hold 60 ordinary shares representing 60% of its issued and paid-up capital, and Ms Ow Tsui Gek, Tracy, Ms Ow Hong Chan, Ashley, Ms Eugenia Ow Qi Yu and Mr Darius Ow Hong Han, who each holds 10 ordinary shares and 10% of the balance 40% interest in TG. The principal activities of TG are in the letting and operating self-owned or leased food courts, coffeeshops and eating houses.

All the shareholders of TG are Singapore citizens. Mr Ow Soon Pooh, Ms Ow Tsui Gek, Tracy and Ms Ow Hong Chan, Ashley are the directors of TG.

The Group is currently operating and managing four coffeeshops owned by four entities of which the Group's Executive Chairman, Mr. Lim Hee Liat and Mr. Ow Soon Poh are shareholders and directors.

Saved as disclosed above, to the best knowledge of the Board, TG and its directors and ultimate beneficial shareholders are independent of the Company, its directors, substantial shareholders, and their respective associates. The Board is also not aware of any relationship between the directors of TG and the shareholders of the existing JV Partners of the Group (as defined and referred to in the Company's announcements dated 9 September 2020, 29 September 2020, 3 November 2020 and 21 January 2021).

3. PRINCIPAL TERMS OF THE JVA

- 3.1 Upon completion of the subscription and allotment, KMP shall hold 147,000 ordinary shares representing 49% of the issued share capital of the JVCO.
- 3.2 The Board of Directors of the JVCO will comprise of two (2) directors, with one (1) director each being nominated by KMP and TG. The chairman of the board of the directors of the JVCO shall be solely appointed by KMP.
- 3.3 The JVCO will enter into a service agreement with KMP, and KMP will operate and manage the Bukit Batok 233 Coffeeshop and Serangoon 153A Coffeeshop.

4. RATIONALE FOR THE JOINT VENTURE

- 4.1 The Group's entry into the JVA is in line with the Group's strategy to expand 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 will be able to diversify and expand its revenue stream through additional and recurrent rental streams, which mitigates the uncertainties in the private leasing category.
- 4.2 The Group expects to strengthen its presence in the market by opening more food stalls under its food retail division, which is complemented by its newly expanded central kitchen, and will continue to explore opportunities to acquire and/or operate more strategically-located coffeeshops in mature estates with established footfalls.

5. AGGREGATE CONSIDERATION

- 5.1 Apart from the working capital injection detailed in paragraph 2.1 above and in consideration for TG granting KMP the right to operate and manage the Leases, KMP has also paid to TG a lease assignment fee ("**Lease Assignment Fee**"). The Lease Assignment Fee was arrived at on a willing buyer-willing seller basis, taking into various factors such as the market rent for comparable leases based on location, size and current rent paid.

- 5.2 The aggregate consideration payable by KMP for the 49% interest in the issued share capital of the JVCO ("Capital Injection") and the Lease Assignment Fee is **S\$1,862,000**, in the following proportions:

Joint Venture Company	Address of Coffeeshop	Capital Injection (S\$)	Lease Assignment Fee (S\$)
Zhen Wei Food House Pte. Ltd.	Block 233 Bukit Batok East Avenue 5 #01-53 Singapore 650233	147,000	588,000
	Block 153A Serangoon North Avenue 1 #01-462 Singapore 551153		1,127,000
Total		1,862,000	

The aggregate consideration of S\$1,862,000 has been wholly satisfied in cash through the utilisation of the net proceeds from the Company's initial public offering ("IPO").

6. USE OF IPO PROCEEDS

As at the date of this announcement, the use of the net proceeds from the IPO of the Company and the balance of net proceeds post-entry in the JVA is as follows:

	Amount allocated as stated in the offer document S\$'000	Amount utilised S\$'000	Balance of net proceeds S\$'000
Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)	30,363	(30,363)	–
Refurbishment and renovation of existing food outlets	3,000	(2,092)	908
Headquarters/Central Kitchen upgrading	5,000	(2,312)	2,688
Productivity initiatives/IT	2,000	(1,770)	230
Listing expenses	3,087	(3,087)	–
Total	43,450	(39,624)	3,826

The above utilisations are in accordance with the intended use of the net proceeds from the IPO, as stated in the offer document in respect of the IPO of the Company.

7. CHAPTER 10 OF THE CATALYST RULES

All relative figures of the abovementioned joint venture computed pursuant to Rule 1006 of the Catalyst Rules of the Singapore Exchange Trading Limited ("Catalist Rules"), based on the Company's latest announced consolidated results is less than 5%. Accordingly, this Announcement is released by the Company on a voluntary basis and the disclosures are referenced from the disclosure requirements of a non-discloseable transaction under Chapter 10 of the Catalyst Rules.

8. FINANCIAL IMPACT

The entry into the JVCO is not expected to have any material impact on earnings per share or net tangible assets per share of the Group for the financial year ending 30 September 2021.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Save as disclosed herein, none of the directors and substantial shareholders of the Company have any interest, direct or indirect, in the JVA other than through their respective directorships and shareholdings in the JVCO.

10. DOCUMENTS FOR INSPECTION

Copies of the JVA entered into by KMP with TG, the corresponding share allotment instrument and the Service Agreement entered into by KMP with the JVCO are available for inspection during normal business hours at the Company's registered office at 13 Woodlands Link, Singapore 738725 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Hoon Chi Tern
Company Secretary
29 April 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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