

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

COMPANY'S ANNOUNCEMENT DATED 11 NOVEMBER 2021
COMPANY RESPONSES TO QUERIES FROM SINGAPORE EXCHANGE REGULATION

The Company has received the following queries from the Singapore Exchange Regulation in relation to its announcement of 11 November 2021, to which it provides its responses accordingly.

All capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed in the aforesaid announcement.

Query 1

Mr Lim is the founder and controlling shareholder of Kimly, with approx. 42% stake. Mr Chia was the ED cum CEO of the Company since its IPO in 2017.

Are there bank covenants which are tied to Mr Lim and/or Mr Chia's continued role as directors and/or key management of the Kimly Group.

Response

No, there are no such bank covenants specifically tied to Mr Lim and/or Mr Chia's continued role as directors and/or key management of the Group.

For completeness, as at 30 September 2021, the Group has outstanding bank loans of S\$24.4 million, and cash and cash equivalents of S\$95.0 million.

Query 2

The Board of Kimly previously comprised 2 EDs (Mr Lim and Mr Chia), 1 Finance Director (Ms Karen Wong) and 3 IDs (Mr Danny Lim, Mr Jeffrey Wee and Mr Lau Chin Huat).

Following the resignation of Mr Lim and Mr Chia, the Board now comprised 4 members, with Ms Karen Wong being the only ED.

Will the Group be appointing new EDs to oversee the business and operations?

Response

The Group does not currently expect to appoint new executive directors.

After the rescission of the acquisition of Asian Story Corporation Pte. Ltd. ("**ASC**") (the "**ASC Acquisition**"), the Board had acted swiftly to appoint Ms Karen Wong as the Finance Director in November 2018 and later, Mr Lau Chin Huat as an Independent Director in October 2019. The Board is keenly aware of the operational needs of the business and will continuously assess its management and operational structure and personnel for maximum efficacy and results.

From November 2021 onwards, Ms Karen Wong will also be re-designated as the Executive Director. In addition, Mr Yeo Yien Gee Ronnie (Director of Operations for Kimly Food Retail Division), Mr Chua Yong Chuan Kelvin (Managing Director of Tenderfesh Group) and Ms Lin Meiqi (Financial Controller), had been newly appointed as Executive Officers, leading to a total of 5 Executive Officers to assist the Board.

The Board is confident that these changes to the management structure will sufficiently allow it to oversee the Group and its businesses.

Query 3

Notwithstanding Mr Lim and Mr Chia's resignation as EDs of the Company, the Board has requested Mr Lim and Mr Chia to remain as employees of the Group to assist and facilitate the Board and management in the transition.

- (a) Please provide the Board and NC's considerations.*
- (b) Please elaborate on Mr Lim's and Mr Chia's roles as employees of the Group.*
- (c) What is the tenure of Mr Lim and Mr Chia's employment in such roles?*

Company's Response

Prior to his cessation as Executive Chairman, Mr Lim oversaw the overall development and performance of the Group, setting and executing strategic directions as well as expansion plans, including sourcing for investment opportunities to promote the growth of the business. As for Mr Chia, prior to his cessation as Executive Director, he was responsible for strategising and implementing key improvements to the Group's various processes so as to raise its standards of productivity and food quality. He also assisted Mr Lim in managing the Group's overall business development, expansion and other business processes.

In requesting Mr Lim and Mr Chia to remain as employees of the Group in the interim, the Nominating Committee and Board took into account the benefits of a smooth handover of responsibilities, transition of ongoing business plans and project initiatives which they are currently involved in, managing suppliers and third party coffeeshop owners' confidence, stability of employees morale and the interest of the Group in leveraging and capitalising on their valuable experience, knowledge and market contacts.

Mr Lim and Mr Chia's roles will therefore be to principally facilitate the transition of them stepping down from the Board and to minimise disruption to the Group's operations. Their continued service in the Company will be made at all times under the leadership, direction and supervision of the Board and the management team.

Pending the conclusion of court proceedings, their roles as employees are currently on a three months basis, subject to mutual extension.

In the meantime, the Group will also consider engaging a reputable external human resource consultant to assist in the evaluation of their continued involvement with the Group.

Query 4

Please elaborate on how Mr Lim and Mr Chia's cessations would affect the Group's operations, and the Group's plans going forward.

Company's Response

The Group recognises that both Mr Lim and Mr Chia have been instrumental in the success and profitability of the Group during their tenure, as they are well established in the coffeeshop industry and market and the Group has benefited tremendously from them. Their cessations will no doubt have an impact on the Group in the short term but this will be mitigated by their continued service as employees under the leadership, direction and supervision of the Board and the management team.

With its proven and profitable business model, strength and resilience of its management and employees, the Group remains on track for growth and expansion and is confident of its future prospects. Under the guidance of the Board and management, it will continue to execute its strategic growth plans to expand its F&B footprint, diversify its product offerings, accelerate digitization and innovation, and improve its retail operations and customer experience.

BY ORDER OF THE BOARD
KIMLY LIMITED

Hoon Chi Tern
Company Secretary
16 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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