

KIMLY LIMITED

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

NON-BINDING TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION OF PROPERTIES AND LEASING INTERESTS IN A PORTFOLIO OF FOOD OUTLETS

1. INTRODUCTION

- 1.1. The Board of Directors (the "**Board**") of Kimly Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that Jin Wei Food Holdings Pte. Ltd., a wholly-owned subsidiary of the Company (the "**Purchaser**"), has today entered into a term sheet ("**Term Sheet**") with a group of third party vendors (the "**Vendors**") in connection with the proposed acquisition (the "**Proposed Transaction**") by the Group of interests in a portfolio of coffeeshop leases, coffeeshop units and industrial canteen units (together, the "**Target Properties**", and each, a "**Target Property**").
- 1.2. The Term Sheet is non-binding, except for certain provisions relating to, amongst others, confidentiality and exclusivity for a period of 180 days commencing the date hereof.
- 1.3. The Proposed Transaction remains subject to completion of due diligence to the satisfaction of the Purchaser and the parties entering into the definitive agreements. In connection with the due diligence to be undertaken by the Purchaser, the Purchaser will be commissioning valuations on the Target Properties.

2. INFORMATION ON THE TARGET PROPERTIES AND THE PROPOSED TRANSACTION

- 2.1. The Target Properties comprise the following:
 - (a) four (4) long term leasehold coffeeshop units;
 - (b) three (3) freehold industrial canteen units; and
 - (c) three (3) short term coffeeshop leases¹.

The Target Properties are intended to be acquired by a combination of share transfers (where the Target Property is held through an investment holding vehicle), direct asset transfers (where the Target Property is held by an operating entity) and acquisition of interests in entities (in respect of the short term coffeeshop leases). The final structure for the Proposed Transaction will be determined by the Purchaser following completion of due diligence.

- 2.2. The aggregate consideration payable by the Purchaser to the Vendors for the Proposed Transaction is expected to be S\$59,000,000, which was arrived at on a willing-buyer, willing-seller basis and took into consideration factors such as the quality of the assets being acquired and the future potential of the assets, amongst others. The aggregate expected consideration payable shall comprise the following:

¹ The Group will acquire a 49% interest in these leases through the setting up of a joint venture arrangement.

- (a) S\$56,060,000 in respect of the Target Properties referred to in paragraphs 2.1(a) and 2.1(b) above, which shall be satisfied partly in cash of S\$46,060,000 (utilising internal resources or through external financing, or a combination of both) and partly by the issuance of 40,000,000 new shares in the share capital of the Company ("**Consideration Shares**") at the issue price of S\$0.25² per Consideration Share; and
- (b) S\$2,940,000 in respect of the Target Properties referred to in paragraph 2.1(c) above, which shall be fully satisfied in cash utilising internal resources.

3. INFORMATION ON THE VENDORS

The Vendors comprise certain individuals and companies established in Singapore.

To the best of the knowledge of the directors of the Company, the Vendors and their respective partners or directors and ultimate beneficial shareholders (as the case may be) are independent of the Company, Directors and the controlling shareholder of the Company and their respective associates.

4. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction is in line with the Group's strategy to expand its business by further expanding our network of food outlets in Singapore and to establish new food outlets and food stalls as and when suitable strategic locations become available. The Proposed Transaction is also part of the Group's efforts in recalibrating its strategy to explore opportunities to have direct ownership in the properties where the food outlets operated and managed by the Group are located so as to enhance long term shareholder value by operating as well as owning such coffeeshop and industrial canteen properties.

With an increase in the number of coffeeshops and industrial canteens under our management, the Group will continue to strengthen its presence in the market and provide additional revenue streams by opening more food stalls under its food retail division, which is complemented by its newly expanded central kitchen. The Group will continue to look for opportunities to acquire and/or operate more strategically-located coffeeshops in mature estates with established footfalls.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

None of the directors or the controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Transaction, other than through their respective directorships and shareholdings in the Company.

6. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading

² The issue price per Consideration Shares is at a premium of 11.36% to the volume weighted average price of S\$0.2245 for trades done on the Singapore Exchange Securities Trading Limited for the full market day on 21 October 2019, being the full market day prior to which the Term Sheet was signed.

Limited, upon the execution of the definitive agreements and/or when there are material developments in respect of the Proposed Transaction.

7. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the definitive agreements will be entered into, or that the terms and conditions of the Proposed Transaction will not differ from those set out in the Term Sheet, or that the Proposed Transaction will be undertaken or completed at all. The Company will make the necessary announcements as and when there are further developments on the Proposed Transaction. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their legal, financial, tax or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

Hoon Chi Tern
Company Secretary

22 October 2019

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 E-mail: sponsorship@ppcf.com.sg).