

**PROPOSED ACQUISITION OF OPERATING LEASES AND BUSINESS OPERATIONS OF A  
COFFEE SHOP AND INDUSTRIAL CANTEEN**

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**1. INTRODUCTION**

The Board of Directors ("**Board**") of Kimly Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that:

- (a) Yong Yun Pte. Ltd. ("**Yong Yun**"), an indirect wholly-owned subsidiary of the Company, has entered into a business transfer agreement dated 14 June 2017 ("**Coffee Shop Agreement**") with Mr. Tan Chong Sing for the acquisition by Yong Yun of the Coffee Shop Assets (as defined below) for a consideration of S\$850,001 (the "**Coffee Shop Acquisition**"); and
- (b) CDP Kimly Pte. Ltd. ("**CDP Kimly**"), an indirect wholly-owned subsidiary of the Company, has entered into a business transfer agreement dated 14 June 2017 ("**Industrial Canteen Agreement**") with Ruiyi F and B Management Pte. Ltd. ("**Ruiyi**") for the acquisition by CDP Kimly of the Industrial Canteen Assets (as defined below), for a consideration of S\$650,001 (the "**Industrial Canteen Acquisition**"),

collectively, the "**Proposed Acquisitions**".

Completion of the Proposed Acquisitions will take place on 1 July 2017 or such other date as the parties may agree in writing ("**Completion**"). Mr. Tan Chong Sing, Ruiyi as well as Ruiyi's shareholders, being Mr. Tan Chong Sing and Mr. Saw Xian Yang, are independent and unrelated third parties to the Company.

**2. RATIONALE**

The Proposed Acquisitions are in the ordinary course of Group's business and are in line with the Group's strategy to establish new food outlets and expand its business through acquisitions, joint ventures or strategic alliances as previously disclosed in the Company's offer document dated 8 March 2017 (the "**Offer Document**").

In addition, following the Proposed Acquisitions, Mr. Tan Chong Sing, who has more than 16 years of experience in the food and beverage industry, will join our Group as a director of project management. Accordingly, the Proposed Acquisitions will present the Group with the opportunity to tap into the expertise and experience of Mr. Tan Chong Sing.

**3. THE COFFEE SHOP ACQUISITION**

**3.1 Information on the Coffee Shop Assets**

Pursuant to the Coffee Shop Agreement, Yong Yun shall acquire, *inter alia*, the following assets (the "**Coffee Shop Assets**"):

- (a) the business of the operation and management of the coffee shop located at Blk 631 Bedok Reservoir Road, #01-982, Singapore 470631 (the "**Coffee Shop**") and the drinks stall in the Coffee Shop (the "**Coffee Shop Business**"); and
- (b) the lease for the Coffee Shop and the sub-leases in respect of the food stalls within the Coffee Shop (collectively, the "**Coffee Shop Leases**").

### 3.2 The Coffee Shop Consideration

The aggregate consideration (the “**Coffee Shop Consideration**”) for the Coffee Shop Acquisition is S\$850,001, to be satisfied in the following manner:

- (a) S\$1.00 for the Coffee Shop Business shall be paid by Yong Yun in cash; and
- (b) S\$850,000 for the transfer of the Coffee Shop Leases shall be satisfied by the issuance of 1,700,000 new shares in the capital of the Company (“**Coffee Shop Consideration Shares**”) at the issue price of S\$0.50 per Consideration Share to Tan Chong Sing or his nominees on Completion.

The Coffee Shop Consideration was arrived at on a willing buyer-willing seller basis after taking into account the profit after tax of the Coffee Shop Business from the unaudited financial statements for the financial year ended 31 December 2016. No valuation was commissioned in respect of the Coffee Shop Assets.

### 3.3 Conditions Precedent

Completion of the Coffee Shop Acquisition is conditional upon satisfaction (or waiver, as the case may be) of, *inter alia*, the following conditions precedent within three (3) months from the date of the Coffee Shop Agreement:

- (a) the approval-in-principle of the Singapore Securities Exchange Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Coffee Shop Consideration Shares on the SGX-ST, and if such approval is subject to conditions, (i) such conditions being reasonably acceptable to the parties and if required by the SGX-ST, such conditions being fulfilled on or satisfied before completion, and such approval remaining in full force and effect; and
- (b) the entry into a new lease by Yong Yun and the landlord in relation to the lease of the Coffee Shop for a term of two (2) years, renewable for a further term of three (3) years and, subsequently, an additional term of three (3) years, at the option of Yong Yun, in such form and substance satisfactory to Yong Yun.

## 4. THE INDUSTRIAL CANTEEN ACQUISITION

### 4.1 Information on the Industrial Canteen Assets

Pursuant to the Industrial Canteen Agreement, CDP Kimly shall acquire, *inter alia*, the following assets (the “**Industrial Canteen Assets**”):

- (a) the business of the operation and management of the industrial canteen located at 21 Woodlands Close, #01-23, #01-24, Primz Bizhub, Singapore 737854 (“**Industrial Canteen**”) and the drinks stall in the Industrial Canteen (“**Industrial Canteen Business**”); and
- (b) the lease for the Industrial Canteen and the sub-leases in respect of the food stalls within the Industrial Canteen (collectively, the “**Industrial Canteen Leases**”).

The Industrial Canteen is owned by Foodwerkz Hub Pte. Ltd. (“**Foodwerkz**”), an associate of Mr. Lim Hee Liat, the Executive Chairman and controlling shareholder of the Company. Pursuant to the Industrial Canteen Agreement, CDP Kimly shall enter into a new lease with Foodwerkz in relation to the lease of the Industrial Canteen. Such lease will be entered into in accordance with the procedures set out in the Company’s interested person transaction general mandate as disclosed in the Offer Document.

## 4.2 The Industrial Canteen Consideration

The aggregate consideration (the “**Industrial Canteen Consideration**”) for the Industrial Canteen Acquisition is S\$650,001, to be satisfied in the following manner:

- (a) S\$1.00 for the Industrial Canteen Business shall be paid by CDP Kimly in cash; and
- (b) S\$650,000 for the transfer of the Industrial Canteen Leases shall be satisfied by the issuance of 1,300,000 new shares in the capital of the Company (“**Industrial Canteen Consideration Shares**”) at the issue price of S\$0.50 per Consideration Share to Ruiyi or its nominees on Completion.

The Industrial Canteen Consideration was arrived at on a willing buyer-willing seller basis after taking into account the profit after tax of the Industrial Canteen Business from the unaudited financial statements for the financial year ended 31 December 2016. No valuation was commissioned in respect of the Industrial Canteen Assets.

## 4.3 Conditions Precedent

Completion of the Industrial Canteen Acquisition is conditional upon satisfaction (or waiver, as the case may be) of, *inter alia*, the following conditions precedent within three (3) months from the date of the Industrial Canteen Agreement:

- (a) the approval-in-principle of the SGX-ST for the listing of and quotation for the Industrial Canteen Consideration Shares on the SGX-ST, and if such approval is subject to conditions, (i) such conditions being reasonably acceptable to the parties and if required by the SGX-ST, such conditions being fulfilled on or satisfied before Completion, and such approval remaining in full force and effect; and
- (b) the entry into a new lease by CDP Kimly and Foodwerkz in relation to the lease of the Industrial Canteen for a term of four (4) years, renewable for a further term of four (4) years at the option of CDP Kimly and at a monthly rent being no higher than an independent valuation conducted not more than two (2) months prior to renewal (“**Market Rental**”), and no lower than 75% of the Market Rental, in such form and substance satisfactory to CDP Kimly.

## 5. CONSIDERATION SHARES

The Industrial Canteen Consideration Shares and the Coffee Shop Consideration Shares (collectively, the “**Consideration Shares**”) will be issued at a premium of 22.5% to the volume weighted average price of S\$0.4081 for trades done on the SGX-ST for the full market day prior to which the Coffee Shop Agreement and Industrial Canteen Agreement were signed.

The Consideration Shares represent 0.26% of the existing issued and paid-up share capital of the Company. The Consideration Shares will be allotted and issued pursuant to the general mandate granted by the shareholders of the Company as set out in the Offer Document.

The Consideration Shares when allotted and issued, shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing ordinary shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on the date of issue of the Consideration Shares.

**6. LISTING AND QUOTATION NOTICE**

The Company will be making an application to the SGX-ST through its sponsor for the listing of, and quotation for, the Consideration Shares on the Catalist Board of the SGX-ST and will make the relevant announcement upon receipt of the listing and quotation notice from the SGX-ST.

**7. FINANCIAL EFFECT OF THE PROPOSED ACQUISITIONS**

The Proposed Acquisitions are not expected to have any material impact on the net tangible assets and earnings per share of the Group for the financial year ending 30 September 2017.

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed herein, none of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisitions (other than their direct or indirect shareholdings in the Company).

BY ORDER OF THE BOARD

Vincent Chia Cher Khiang  
Executive Director  
14 June 2017

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*Kimly Limited (the "**Company**") was listed on the Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 20 March 2017. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**").*

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*