



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

**INVITATION IN RESPECT OF 173,800,000 NEW SHARES IN KIMLY LIMITED
AT S\$0.25 FOR EACH NEW SHARE, PAYABLE IN FULL ON APPLICATION**

Prior to making a decision to purchase the New Shares, you should carefully consider all the information contained in the Offer Document dated 8 March 2017 issued by Kimly Limited in respect of the Invitation (the "Offer Document"). This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. If you are in doubt as to investing in the New Shares, you should consult your legal, financial, tax or other professional adviser(s).

This Product Highlights Sheet¹ is an important document.

- It highlights the key information and risks relating to the offer of the New Shares contained in the Offer Document. It complements the Offer Document².
- You should not purchase the New Shares if you do not understand the nature of an investment in equity securities, our business or are not comfortable with the accompanying risks.
- If you wish to purchase the New Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact us to ask for one.

Company	Kimly Limited	Place of incorporation	Singapore
Details of this Invitation	173,800,000 New Shares comprising 3,800,000 Offer Shares and 170,000,000 Placement Shares	Total amount to be raised in this Invitation	Gross proceeds of approximately S\$43.5 million and net proceeds of approximately S\$40.4 million
Invitation Price	S\$0.25 for each New Share	Listing status of Issuer and the Securities	Acceptance of applications will be conditional upon, <i>inter alia</i> , issue of the New Shares and permission being granted by the SGX-ST for the listing and quotation of all our Shares already issued, the New Shares, the Award Shares and the Option Shares on Catalist. The Shares are expected to be listed on 20 March 2017.
Issue Manager and Sponsor	PrimePartners Corporate Finance Pte. Ltd.	Underwriter and Placement Agent	UOB Kay Hian Private Limited

¹ This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Product Highlights Sheet shall be read in conjunction with the Offer Document.

The information in this Product Highlights Sheet is based on information found in the Offer Document. Any decision to subscribe for any securities must be made solely on the basis of information contained in the Offer Document. Capitalised terms used in this Product Highlights Sheet, unless otherwise defined, shall bear the meanings as defined in the Offer Document.

² The Offer Document, registered by the Singapore Exchange Securities Trading Limited, acting as agent on behalf of the Monetary Authority of Singapore on 8 March 2017, may be obtained on request, subject to availability, during office hours from PrimePartners Corporate Finance Pte. Ltd. and UOB Kay Hian Private Limited, or accessible at the SGX-ST website: <http://www.sgx.com>.

OVERVIEW

WHO ARE WE AND WHAT DO WE DO?

Our Group

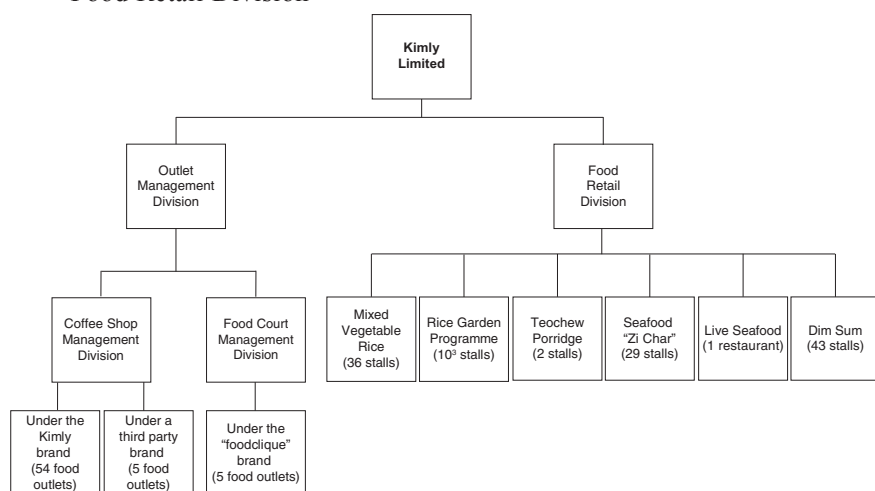
Our Company was incorporated in Singapore on 23 May 2016 under the Companies Act as a private company limited by shares, under the name of “Kimly Pte. Ltd.”. On 3 February 2017, our Company was converted into a public limited company and our name was changed to “Kimly Limited”.

Our Group was founded in 1990 by our Executive Chairman, Mr Lim Hee Liat, together with several of his friends, including Mr Peh Oon Kee. With more than 25 years of experience, our founding shareholders have in-depth knowledge of the coffee shop industry. Through their efforts, our Group has since grown from operating a single coffee shop to being one of the leading traditional coffee shop operators in Singapore.

Our Business

Based on feedback from our suppliers, we believe that we are a leading and established operator of traditional coffee shops in Singapore. Currently, our business can be categorised into the following two (2) divisions:

- Outlet Management Division (comprising Coffee Shop Management Division and Food Court Management Division)
- Food Retail Division



Business Overview

(a) Outlet Management Division

Coffee Shop Management Division

We operate and manage coffee shops and food courts. Our Coffee Shop Management Division is primarily carried out by Kimly Makan Place and our Food Court Management Division is primarily carried out by Foodclique Pte. Ltd.. As at the Latest Practicable Date, our Group is one of the leading traditional coffee shop operators in Singapore. As at the date of the Offer Document, we operate 56 coffee shops, three (3) industrial canteens and five (5) food courts in Singapore³. Based on feedback from our suppliers, we believe that we are the largest traditional coffee shop chain operator in Singapore. Of the 56 coffee shops we operate, we operate and manage five (5) coffee shops in Singapore under a third party brand. Our Group has entered into certain management agreements with such third party for the management of these five (5) coffee shops comprising 47 cooked food stalls and five (5) drinks stalls.

Food Court Management Division

We manage and operate a total of five (5) food courts³ in Singapore under the “foodclique” brand. Our food courts are mainly located in tertiary institutions which cater mostly to students of that educational institution.

Further Information

Please refer to:

- the section entitled “General Information on our Group – History” on pages 97 to 98 of the Offer Document for more information on our history.
- the section entitled “General Information on our Group – Business Overview” on pages 99 to 117 of the Offer Document for more information on our background and business.

³ In April 2017, we expect to commence management of an additional coffee shop located at Blk 878C Tampines Avenue 8 #01-66 Singapore 523878. As our tender for renewal was not successful, we also expect to cease operations at the Ngee Ann Polytechnic food court in April 2017, save in respect of a kiosk which we will continue operating and which sells items such as soya bean milk, sandwiches and other snacks.

<p>Each of our food outlets has an average of about 8 to 12 food stalls offering mostly traditional local food, with average seating capacities ranging from 150 to 250 diners typically. To ensure that there is sufficient variety of food choices for our patrons, we avoid having similar food types sold at the same food outlet. We also regularly upgrade our food outlets through renovations and enhancement works in order to meet the changing preferences of our customers.</p> <p>We believe that food stall operators prefer to work with outlet operators who pay special attention to details such as the environment of the food outlet. We believe that having a high food stall occupancy rate is important for the business of a food outlet as it brings vitality to the premises and our customers get to enjoy more food choices. As at the Latest Practicable Date, we have a 98% occupancy rate over a total of nearly 500 stalls within our food outlets under our management.</p> <p>(b) <u>Food Retail Division</u></p> <p>Our Food Retail Division is primarily carried out by Kimly Food Holdings and Chodee Food Holdings. We operate Mixed Vegetable Rice, Seafood “Zi Char”, Dim Sum and Teochew Porridge stalls at several of the food outlets that we operate and manage. Our Central Kitchen prepares our sauces, marinades and semi-finished food products which are then supplied to our Mixed Vegetable Rice, Seafood “Zi Char” and Dim Sum stalls. As at the date of the Offer Document, our Food Retail Division comprises:</p> <ul style="list-style-type: none"> (a) Mixed Vegetable Rice (36 stalls) (b) Rice Garden (10 stalls) (c) Teochew Porridge (2 stalls) (d) Seafood “Zi Char” (29 stalls) (e) Live Seafood restaurant (1 stall) (f) Dim Sum (43 stalls) (g) Central Kitchen (1 headquarters) <p>As at the date of the Offer Document, 11 of our Mixed Vegetable Rice stalls, two (2) of our Rice Garden stalls, two (2) of our Teochew Porridge stalls and 34 of our Dim Sum stalls are open for 24 hours.</p>	
WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?	
<p>DIRECTORS</p> <p>Mr Lim Hee Liat (Executive Chairman) – He has more than 25 years of experience in the coffee shop and F&B industry. As our Executive Chairman, Mr Lim oversees the overall development and performance of our Group, setting and executing the strategic directions and expansion plans for the growth and development of our Group, including sourcing for investment opportunities to promote the growth of our business.</p> <p>Mr Vincent Chia (Executive Director) – He has more than 20 years of experience in the F&B industry. He is responsible for strategising and implementing key improvements to our Group’s various processes so as to continually raise our Group’s standards of productivity and food quality.</p> <p>Mr Ter Kim Cheu (Lead Independent Director) – He has more than 30 years of experience in the legal industry and currently provides legislative consultancy services overseas.</p> <p>Mr Wee Tian Chwee Jeffrey (Independent Director) – He has more than 45 years of experience in the accounting industry and is currently a public accountant at T. C. Wee & Co., which he established in 1981.</p> <p>Mr Lim Teck Chai, Danny (Independent Director) – He has nearly 20 years of experience in the legal industry and is currently an equity partner in Rajah & Tann Singapore LLP. He has a wide range of experience in acquisitions, investments, takeovers, initial public offerings and restructurings, amongst others.</p>	<p>Please refer to the section entitled “Directors, Executive Officers and Employees – Directors” and “Directors, Executive Officers and Employees – Executive Officers” on pages 158 to 161 and pages 161 to 162 respectively of the Offer Document for more information on our Directors and Executive Officers.</p>

Mr Ong Eng Sing (Non-Executive Director) – He is currently the Group Deputy Chief Executive Officer and director of Pokka Corporation Singapore Pte Ltd, Chief Executive Officer and Director of Pokka International Pte Ltd, the Chairman of Pokka Logistics Singapore Pte Ltd, and a Director of Pokka Dima International (Indonesia) Pte Ltd. He is also a patron of Braddell Heights Citizen’s Consultative Committee and a board member and co-chair of Efficient Consumer Response (ECR) Singapore Council.

EXECUTIVE OFFICERS

Mr Sunny Peh (Head of Outlet Operations) – He is responsible for the overall management and oversight of all our food outlets and Operations Managers, including the setting up of new food outlets as well as coordinating and monitoring compliance with the applicable laws, regulations and licensing requirements across our Group.

Ms Karen Wong (Chief Financial Officer) – She is responsible for the overall financial management, reporting and internal control matters for our Group and has over 16 years of experience in audit, accounting and finance.

WHO IS OUR CONTROLLING SHAREHOLDER?

Our Controlling Shareholder is Mr Lim Hee Liat, our Executive Chairman and the founder of our Group.

Prior to the Invitation, Mr Lim Hee Liat holds approximately 49.94% of our Company’s total issued share capital. Mr Lim Hee Liat is expected to hold approximately 42.42% of our Company’s total issued share capital after the Invitation and is expected to remain as a Controlling Shareholder.

Please refer to the section entitled “Shareholders – Ownership Structure” on page 60 of the Offer Document for more information on our Controlling Shareholder.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

Key profit and loss information

Audited	Financial years ended 30 September		
	2014	2015	2016
Revenue (S\$’000)	148,872	155,972	172,226
Profit before tax (S\$’000)	21,215	23,560	25,582
Profit for the year (S\$’000)	20,055	22,493	24,217
Profit for the year attributable to owners of our Company (S\$’000)	10,408	11,560	12,174
Pre-Invitation EPS (cents) ⁽¹⁾	1.06	1.18	1.24
Post-Invitation EPS (cents) ⁽²⁾	0.90	1.00	1.05

Please refer to the section entitled “Management’s Discussion and Analysis of Financial Position and Financial Performance” on pages 81 to 96 of the Offer Document for more information on our financial position and financial performance.

Unaudited Pro Forma	Financial years ended 30 September		
	2014	2015	2016
Revenue (S\$’000)	148,872	155,972	172,226
Profit before tax (S\$’000)	21,215	23,560	25,404
Profit for the year (S\$’000)	20,055	22,493	24,039
Profit for the year attributable to owners of our Company (S\$’000)	20,055	22,493	24,039
Pre-Invitation EPS (cents) ⁽¹⁾	2.04	2.29	2.45
Post-Invitation EPS (cents) ⁽²⁾	1.74	1.95	2.08

Notes:

- (1) Our Pre-Invitation EPS for FY2014, 2015 and 2016 have been computed based on the profit for the year attributable to owners of our Company and our pre-Invitation share capital of 980,986,732 Shares.
- (2) Our Post-Invitation EPS for FY2014, 2015 and 2016 have been computed based on the profit for the year attributable to owners of our Company and our post-Invitation share capital of 1,154,786,732 Shares.

Key cash flows information

Audited	Financial years ended 30 September		
	2014	2015	2016
Net cash generated from operating activities (S\$'000)	21,810	24,567	28,374
Net cash used in investing activities (S\$'000)	(3,379)	(1,281)	(1,697)
Net cash used in financing activities (S\$'000)	(15,890)	(20,528)	(26,529)
Net increase in cash and cash equivalents (S\$'000)	2,541	2,758	148
Cash and cash equivalents at the end of the financial year (S\$'000)	26,540	29,298	29,446

Key balance sheet information

	Audited			Unaudited Pro Forma
	As at 30 September			
	2014	2015	2016	2016
Total assets (S\$'000)	39,587	41,850	43,388	48,388
Total liabilities (S\$'000)	19,824	19,213	25,067	36,077
Net assets (S\$'000)	19,763	22,637	18,321	12,311

The most significant factors contributing to our financial performance over the last two (2) completed financial years are as follows:

- Our total revenue increased by approximately S\$16.2 million or 10.4% from S\$156.0 million in FY2015 to S\$172.2 million in FY2016 mainly due to the opening of new food outlets and food stalls which commenced operations in FY2015 and FY2016.
- Our profit before taxation increased by approximately S\$2.0 million or 8.5% from S\$23.6 million in FY2015 to S\$25.6 million in FY2016, mainly due to an increase in revenue and other operating income and decrease in other operating expenses. This was partially offset by increases in packaging materials and other expendables, repair and maintenance expenses, listing expenses and professional fees.
- Our net cash flows generated from operating activities increased from S\$24.6 million in FY2015 to S\$28.4 million in FY2016 mainly due to an improvement of operating cash flows before changes in working capital.
- Our net assets decreased from S\$22.6 million as at 30 September 2015 to S\$18.3 million as at 30 September 2016 mainly due to a S\$3.9 million increase in trade and other payables.

The above factors are not the only factors contributing to our financial performance in FY2014, FY2015, and FY2016. Please refer to the other factors set out in the section entitled "Management's Discussion and Analysis of Financial Position and Financial Performance" of the Offer Document.

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

We believe that we are able to compete effectively due to the following competitive strengths:

- **First Mover Advantage and Economies of Scale:** As one of the pioneers in the chain coffee shop industry since 1990, our Group has a first mover advantage and is a leading traditional coffee shop operator with an established reputation in the coffee shop industry, in particular with both suppliers and landlords. We believe that the size of our portfolio and large customer base provides us with economies of scale in our operations, generating value to the stall owners in our food outlets as well as our customers.
- **Resilient business model with multiple revenue streams:** We believe that our Outlet Management Division and Food Retail Division are complementary and create synergies for our Group. We are involved in various aspects of the supply chain – from the management of food outlets, the operation of food stalls within the food outlets to the production of food products at our own Central Kitchen. This generates cost savings for us and gives us better control over our business process. In addition, we believe that our diverse portfolios provide our Group with multiple revenue streams, which reduces our reliance on any one particular business division. This increases the resilience of our Group's business which has led to consistent revenue and profit growth and stable profit margins from FY2014 and FY2016. We believe that the general market we operate in offers competitively priced options for dining as compared to mid to high end eating establishments. Accordingly, having considered our outlet locations which are supported by Singapore's demographics (see "General Information on our Group – Prospects – Growing population and geographical distribution" of the Offer Document for more information), we believe that we operate within a defensive industry which would be more resilient in times of economic uncertainty. In addition, the cash generative nature of our business has led to us having a strong operating cash flow and a healthy balance sheet.
- **Quality food tenants and anchor tenants:** Over the years, we have established a pool of quality food operators which we can choose from when setting up a new food outlet, so as to meet the needs and preferences of the targeted customer group for the food outlet. Our extensive knowledge of the management of food outlets and our past experience enable us to obtain an ideal mix of food stall tenants in our food outlets. As a result of our proven track record as a food outlet operator, we have attracted some tenants who believe in our business model and who operate most of their stalls in our food outlets. We believe that our relationship with our long-term tenants are mutually beneficial, which in turn contributes to the sustainability of our food outlets, as evidenced by the high occupancy rate of our stalls at our food outlets.
- **Experienced and proven management team:** Our management team is made up of qualified and dedicated individuals with proven track records in the F&B industry. Our Group is led by Mr Lim Hee Liat, who has more than 25 years of experience in the F&B industry. He is assisted by our senior management, most of whom have more than 10 years of experience in the F&B industry. Under their management, our business has grown over the years and we have become a well-known local name in the industry. We believe that we have earned a trusted reputation and have become the preferred operator of traditional coffee shop owners. Further, our management team has in-depth knowledge of the industry, and we believe that we are able to identify industry trends competitively.
- **Location of our food outlets:** As our food outlets are spread across the heartlands of Singapore and given the variety of products provided at our food stalls, we are able to appeal to customers of different backgrounds. We believe that we have established a broad and varied customer base, and cultivated brand loyalty with our customers, which we intend to leverage to further increase our market share in the industry. The proposed plans of the Singapore Government to develop a second Central Business District in the Jurong Lake District may boost our ability to grow our business in the western area of Singapore. We are poised for growth in the area as we have been operating coffee shops in the area since 1997 and we currently operate nine (9) coffee shops, two (2) industrial canteens and 24 food stalls in the area.

Please refer to the section entitled "General Information on Our Group – Competitive Strengths" and "General Information on our Group – Business Strategies and Future Plans" on pages 125 to 127 and pages 127 to 129 of the Offer Document for more information on our competitive strengths, and business strategies and future plans respectively.

PRODUCT HIGHLIGHTS SHEET

Our business strategies and future plans for the growth and expansion of our businesses are:

- **To expand our business through acquisitions, joint ventures or strategic alliances:** We may expand our business through acquisitions, joint ventures or strategic alliances with parties who can strengthen our market position, add value to our existing business, as well as enable us to expand into new businesses. Such acquisitions, joint ventures, or strategic alliances, could also bring about greater economies of scale and impetus for future growth.
- **To establish new food outlets (expanding network of our food stalls) and refurbish existing outlets:** We believe that we can leverage on our brand name and the experience of our strong management team to further expand our network of food outlets in Singapore. We are constantly looking for new locations and we intend to establish new food outlets and food stalls as and when suitable strategic locations become available. In addition, we intend to continue refurbishing and renovating our existing food outlets from time to time so as to continually enhance the dining experience of our customers. We typically conduct refurbishments for each outlet once every ten years. In addition, ad-hoc refurbishments are sometimes undertaken as part of rental negotiations.
- **To acquire new equipment and machinery for our corporate headquarters and expansion of our Central Kitchen:** We believe that there is growth potential in the F&B industry which we operate in. In order to cater to our future growth and development, we intend to enhance communication amongst various departments within our Group by adopting technology to increase operational efficiency. We intend to acquire new equipment and develop new software for our business and operations.
- **To develop cashless electronic payment systems:** With the advancement of mobile and digital payment systems, there is a greater degree of cashless and even cardless payments in Singapore. As such, we believe that the implementation of such cashless electronic payment systems at our food outlets is timely and will enable us to keep up to date with changing consumer trends in the long run. We intend to begin pilot tests for a cashless electronic payment system by way of NETS FlashPay at our food court under the “foodclique” brand in UniSIM. Cashless electronic payment systems will increase the efficiency and productivity of our food stall counters as transactions are completed with a simple tap of the customers’ debit card or mobile phone, removing the need to search for exact change. This in turn results in shorter and faster moving queues and reduces time spent on managing cash.
- **To provide online ordering and delivery system:** We believe that there has been an increase in the demand for food delivery services due to changing lifestyles and the increasing trend of busy consumers who are willing to pay for convenience and food and beverage businesses are taking this opportunity to boost their revenue. We believe that the introduction of online food ordering and delivery services for our Dim Sum will provide our Group with an additional avenue to sell our products. In addition to attracting a new segment of customers, expanding into online food ordering and delivery effectively increases the seating capacity of our food outlets and would target a new segment of customers, as the target consumers in this case would be those who are normally not frequent patrons of our food outlets.

WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?

Barring unforeseen circumstances, our Directors have observed the following trends:

- further to our Group entering into the LHL Coffee Shop Leases in respect of 17 coffee shops, we expect (i) revenue to increase in respect of these coffee shops due to the recognition of rental income to be collected from food stall tenants (which were historically paid directly to our interested persons), and (ii) cost of sales to increase due to the recognition of rental expenses paid to the LHL Companies in respect of the LHL Coffee Shop Leases;

Please refer to the section entitled “General Information on our Group – Trend Information” on page 131 of the Offer Document for more information on our business and financial prospects.

<ul style="list-style-type: none"> • further to the Restructuring Exercise, we expect tax expense to increase as tax reliefs and partial tax exemptions are now available to a smaller number of entities within our Group given that we have streamlined our corporate structure (see the section entitled “Restructuring Exercise” of the Offer Document for more information); • as with other businesses in Singapore, we expect to face inflationary pressures and a general trend of increase in the cost of our food ingredients, labour costs and rental; • as set out in the section entitled “Business Strategies and Future Plans” of the Offer Document, we intend to expand our business through establishing new food outlets and refurbishing existing food outlets, as well as expanding our Central Kitchen. These expansion plans entail additional capital expenditure and depreciation expenses; • other operating expenses are expected to increase due mainly to expenses incurred in connection with the Invitation. In accordance with SFRS, only a portion of such expenses may be capitalised, while the balance will be treated as expenses in our statement of comprehensive income; and • households gradually spending more on dining out rather than home cooking as a result of busier schedules. <p>The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the section entitled “General Information on our Group – Trend Information” of the Offer Document.</p>	
WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?	
<p>We consider the following to be the most important key risks which could materially affect our business, our operations, and ownership of our Shares:</p> <ul style="list-style-type: none"> • We rely on skilled and experience personnel and we are subject to labour and immigration laws and policies that govern the employment of foreign workers: Our business is labour-intensive, and we rely on skilled and experienced personnel for our operations. Qualified individuals with requisite skills are in short supply within the F&B industry. In particular, experienced and skilled chefs are scarce and competition for such personnel is intense. Our ability to serve our customers quality food and provide good customer service depends to a large extent on whether we are able to secure adequate and suitable personnel for our operations. If we are unable to employ sufficient staff, or if our personnel do not fulfil their roles or if we experience a high turnover of skilled and experienced personnel without suitable, timely or sufficient replacements, the quality of our food and/or service may decline, and our business, operations, expansion plans and financial performance may be materially and adversely affected. Further, competition for qualified employees may result in us having to pay higher wages to attract and retain our employees, which may result in higher labour costs and materially and adversely affect our financial performance. We also employ a significant number of foreigners, and are subject to applicable laws, rules and regulations. Any changes in applicable laws, regulations or policies of Singapore or those of the foreigners’ countries of origin may result in labour shortages and/or increase our operating costs. 	<p>Please refer to the section entitled “Risk Factors” on pages 41 to 53 of the Offer Document for more information on risk factors.</p>

- **We may be affected by any outbreak of food-related diseases or any spread of contagious or virulent diseases and the shortage of key supplies:** Any outbreak of diseases or viruses in livestock or food scares in the region or around the world may lead to a reduction in consumption of the affected type of meat or food by consumers, and force us to reduce or eliminate the use of that ingredient in our food outlets. We would not be able to predict the occurrences of such diseases, or when there will be an outbreak of new diseases affecting not only meat, but vegetables or other ingredients used in our food outlets. In the event of any such outbreaks resulting in loss of consumer confidence and declined patronage at our food outlets, our business may be materially and adversely affected. Furthermore, sources of supply for the affected type of meat or food product may also be reduced leading to price increases for those ingredients. Any such increase in costs will adversely affect our profitability and financial performance as we purchase key ingredients such as seafood, meat and vegetables on a daily or weekly basis from our suppliers. The supply and prices of ingredients are subject to various factors beyond our control, including climate, seasonality, outbreak of diseases, exchange rates and applicable laws, rules, regulations and policies in relation to the sales and/or import of these ingredients.
- **We lease premises for our food outlets from HDB, interested persons and other private landlords and there is no certainty that we will be able to lease new premises or renew existing leases on terms acceptable to us or at all:** Any increases in rental costs for new or renewed leases may erode our profit. During the negotiation process, a landlord may revise the terms and conditions of the lease, and we may face the possibility of an increase in rent, or not being able to renew the lease on terms and conditions acceptable to us or at all. In addition, on occasion, the landlords may, at the end of the tenure, put such premises up for open tender or solicit alternative bids. There is no assurance that we will be able to win such tenders or be more competitive than any alternative bids submitted. Furthermore, certain of our existing leases contain provisions that may not be favourable to our Group. Our landlords may also decide to increase our rental during negotiations in respect of lease renewals and we have little to no control over the rental offered to us. Our financial performance may be materially and adversely affected if there is a significant increase in the rental offered to us. In addition, if our landlords fail to comply with requisite laws, rules and regulations, our leases may be affected, which may, *inter alia*, disrupt our business and operations. In addition, in the event a landlord is of the opinion that our manner of occupation or operations are not consistent with the landlord's terms or conditions for the use of the premises, we may be subject to inspections, be required to adapt or curtail our operations, and/or our lease of such premises may be terminated.
- **Our continued success and sustainability of growth will depend on our ability to expand and manage our network of food outlets:** We intend to establish more food outlets in Singapore as part of our growth strategy. Our expansion plans will require us to, *inter alia*, secure additional suitable premises and will require substantial working capital and capital expenditure. Premises in good locations suitable for our food outlets are scarce and frequently in high demand. There is no assurance that we will be able to continue to secure good locations to expand our network of food outlets, and this may affect our business, operations and financial performance. Our new food outlets may not achieve their expected profitability for a prolonged period of time or at all, due to various factors, such as the effectiveness of our business and marketing strategies or other factors beyond our control, such as global and local economic conditions, market sentiment and market competition. In the event that revenue generated by our new food outlets is lower than expected, the costs associated with such new food outlets are higher than expected, and/or if we are unable to effectively manage the increased requirements of our expanded network of food outlets, we may be unable to recover our investment and/or suffer losses. Apart from our business strategies and future plans, other factors, such as intense market competition and changes in customers' preferences, and our ability to obtain sufficient funding at reasonable interest rates, some of which are beyond our control, may also affect our growth.
- **We are dependent on key management personnel for our continued success and growth:** Our Group's success to-date is attributable to the contributions and expertise of our key management personnel, who each have valuable and extensive experience and knowledge of the coffee shop industry. In particular, our Executive Chairman, Mr Lim Hee Liat and our Executive Director, Mr Vincent Chia have been instrumental in formulating our business strategies and spearheading the growth of our business and operations. Our continued success and growth will depend, to a large extent, on our ability to retain the services of our Executive Directors. The loss of services of any of our key management personnel without suitable and timely replacements may materially and adversely affect our business, prospects and financial performance.

- **We face food contamination and tampering risks, and may be exposed to negative publicity, customer complaints and potential litigation:** Food contamination and tampering is a risk inherent to F&B operations. Fresh ingredients are highly perishable and susceptible to contamination and tampering if not properly stored or packed. They may also be contaminated during the food preparation process as a result of lapses in food handling hygiene or lack of cleanliness of our food stalls or our Central Kitchen. Contaminated ingredients may result in customers falling ill and may give rise to bad publicity, and in such cases, we may be ordered by the relevant authorities to suspend or cease all or part of our business operations. The bad publicity arising from such incidences would damage our image, reduce customers' confidence in our products and result in reduced patronage of our food outlets and food stalls, which will materially and adversely affect our reputation, business and financial performance. We may also be adversely affected by negative publicity or health concerns about certain food groups. Our food outlets and food stalls may also be subject to consumer complaints or allegations regarding food or service quality. Further, if customer complaints engender legal claims, our Group would have to divert management resources and expend costs to address such claims, thereby further affecting our business and financial performance. There is no assurance that material litigation will not be brought against us in future.
- **We are dependent on our Central Kitchen for the preparation of sauces, marinades and semi-finished food products:** Our Central Kitchen prepares our sauces, marinades processes certain fresh food and other semi-finished food products which are supplied to our Mixed Vegetable Rice stalls, Dim Sum stalls and Seafood "Zi Char" stalls. We also store supplies which are purchased centrally, at our Central Kitchen. Incidents such as fires or power failures may disrupt operations at our Central Kitchen and damage our stored supplies. We may be unable to prepare sauces, marinades and other semi-finished food products or complete other processes required for our F&B operations. Such disruptions will materially and adversely affect our business and financial performance. While we maintain insurance policies covering certain losses, such as property all risks insurance, public liability insurance and fire insurance, there can be no assurance that our insurance coverage will be sufficient to cover all of our losses in all events. Whilst we may obtain supplies from secondary suppliers, there is no assurance that they will be able to respond adequately or in time if there is a disruption in the supply from our Central Kitchen.
- **Pilferage and theft by our employees or outsiders will harm our financial performance, reputation and branding:** Cash sales in our food outlets are handled by our employees. While we have implemented various cash management controls and adopted cash and inventory handling policies, as well as security measures for our food outlets and our Central Kitchen, there can be no assurance that lapses in internal controls will not occur. We may not be able to prevent pilferage, misappropriation or theft by employees or outsiders. In the event that such pilferage, misappropriation or theft occurs, our business, financial performance and reputation may be adversely affected.

The above are not the only risk factors that had a material effect or could have a material effect on our business, our operations and ownership of our Shares. Please refer to the section entitled "Risk Factors" of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you should consider all the information contained in the Offer Document.

WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?

As of the date of the Offer Document, the total issued and paid-up share capital of our Company is S\$40,406,916 comprising 980,986,732 Shares.

We have only one (1) class of shares, and the Shares offered will have the same rights as our other existing issued and paid-up shares, including voting rights. Subject to the Constitution, Shareholders will be entitled to all rights attached to their Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company.

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the by-laws of the SGX-ST.

Please refer to "Appendix E – Description of our Shares" of the Offer Document for more information on the Shares offered in the Invitation.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The estimated net proceeds to be raised by our Company from the Invitation (after deducting the estimated expenses in relation to the Invitation) will be approximately S\$40.4 million. We intend to utilise our gross proceeds from the issue of New Shares primarily as follows:

Use of proceeds	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Invitation (cents)
Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)	30,363	69.9
Refurbishment and renovation of existing food outlets	3,000	6.9
Headquarters/Central Kitchen upgrading	5,000	11.5
Productivity initiatives/IT	2,000	4.6
Listing expenses	3,087	7.1
Total	43,450	100.0

Please refer to the section entitled "Use of Proceeds and Expenses of the Invitation" on pages 54 to 55 of the Offer Document for more information on our use of proceeds.

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

Our Company was incorporated on 23 May 2016 and has not distributed any cash dividend on our Shares since incorporation.

Subject to our Constitution and in accordance with the Companies Act, our Company may declare an annual dividend subject to the approval of our Shareholders in a general meeting but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Constitution and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. Our Company may pay all dividends out of our profits. The form, frequency and amount of future dividends on our Shares will depend on our actual and projected financial performance, level of our cash and retained earnings, our projected capital expenditure and other investment plans, the terms of the borrowing arrangements (if any), plans for expansion and other factors which our Directors may deem appropriate (the "Dividend Factors").

Subject to the Dividend Factors, we intend to declare an annual dividend of not less than 50% of our net profits attributable to shareholders as dividends.

Please refer to the section entitled "Dividend Policy" on page 56 of the Offer Document for more information on our dividend policy.

DEFINITIONS

Companies within our Group

"Chodee Food Holdings"	:	Chodee Food Holdings Pte. Ltd.
"Group"	:	Our Company and our subsidiaries
"Kimly Food Holdings"	:	Kimly Food Holdings Pte. Ltd.
"Kimly Makan Place"	:	Kimly Makan Place Pte. Ltd.
General		
"Controlling Shareholder"	:	As defined in the Catalist Rules: (a) person who directly or indirectly has an interest of 15.0% or more of the aggregate of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) a person who in fact exercises control over our Company
"FY"	:	Financial year ended or, as the case may be, ending 30 September
"Invitation Price"	:	S\$0.25 for each New Share
"Latest Practicable Date"	:	6 February 2017, being the latest practicable date prior to the lodgement of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority
"LHL Companies"	:	The 17 entities which are associates of our Controlling Shareholder and Executive Chairman, Mr Lim Hee Liat

<i>“LHL Coffee Shop Leases”</i>	:	The lease agreements between CDP Kimly Pte. Ltd. and the LHL Companies in respect of 17 coffee shops
<i>“New Shares”</i>	:	The 173,800,000 new Shares for which our Company invites applications to subscribe for pursuant to the Invitation, subject to and on the terms and conditions set out in the Offer Document
<i>“Offer”</i>	:	The offer by our Company to the public in Singapore for subscription of the Offer Shares at the Invitation Price, subject to and on the terms and conditions of the Offer Document
<i>“Offer Shares”</i>	:	The 3,800,000 New Shares which are the subject of the Offer
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Invitation Price, subject to and on the terms and conditions of the Offer Document
<i>“Placement Shares”</i>	:	The 170,000,000 New Shares which are the subject of the Placement
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of our Company
Names used in the Offer Document		
<i>“Vincent Chia”</i>	:	Chia Cher Khiang
<i>“Sunny Peh”</i>	:	Peh Kim Leong, Sunny
<i>“Karen Wong”</i>	:	Wong Kok Yoong

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

The Issuer	:	Kimly Limited
Registered Office	:	13 Woodlands Link Singapore 738725
Telephone No./Facsimile No.	:	+65 6289 1605 / +65 6280 1605
Website	:	www.kimlygroup.sg (Information contained in our website does not constitute part of the Offer Document)
Issue Manager and Sponsor	:	PrimePartners Corporate Finance Pte. Ltd.
Address	:	16 Collyer Quay #10-00 Income at Raffles Singapore 049318
Telephone No.	:	+65 6229 8088
Underwriter and Placement Agent	:	UOB Kay Hian Private Limited
Address	:	8 Anthony Road #01-01 Singapore 229957
Telephone No.	:	+65 6590 6881